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

FORM 10-K

(Mark One)

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended DECEMBER 31, 1999

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)	(I.R.S. 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common Stock, $0.01 par value	New York Stock Exchange
Common Stock Purchase Warrants	Currently not listed
Preferred Stock, $.10 par value-Series A	New York Stock Exchange
Preferred Stock, $.10 par value-Series B	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

State the aggregate market value of the voting stock held by non-affiliates of the registrant, by reference to the price at which the stock was sold as of a specified date within 60 days prior to the date of filing: $277,984,512 at March 14, 2000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 129,851,617 shares as of March 14, 2000, of which 61,329,256 shares are held by indirect wholly owned subsidiaries of Roche Holdings Ltd. The number of warrants outstanding to purchase shares of the issuer's common stock is 22,151,308 as of March 14, 2000, of which 8,325,000 are held by an indirect wholly owned subsidiary of Roche Holdings Ltd.

PART I

Item 1. DESCRIPTION OF BUSINESS

Laboratory Corporation of America Holdings (the "Company"), headquartered in Burlington, North Carolina, is the second largest independent clinical laboratory company in the United States based on 1999 net revenues. Through a national network of laboratories, the Company offers more than 2,000 different clinical laboratory tests which are used by the medical

profession in routine testing, patient diagnosis, and in the monitoring and treatment of disease. Since its founding in 1971, the Company has grown into a network of 25 major laboratories and approximately 1,200 service sites consisting of branches, patient service centers and STAT laboratories, serving clients in 50 states.

The Company was formerly known as National Health Laboratories Holdings Inc. ("NHL"). In conjunction with a merger ("Merger") in 1995 with Roche Biomedical Laboratories, Inc. ("RBL"), an indirect subsidiary of Roche Holdings, Inc. ("Roche"), the Company changed its name to Laboratory Corporation of America Holdings.

RECENT DEVELOPMENTS

See "General" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations".

THE CLINICAL LABORATORY TESTING INDUSTRY

Laboratory tests and procedures are used generally by hospitals, physicians and other health care providers and commercial clients to assist in the diagnosis, evaluation, detection, monitoring and treatment of diseases and other medical conditions through the examination of substances in the blood, tissues and other specimens. Clinical laboratory testing is generally categorized as either clinical testing, which is performed on body fluids including blood and urine, or anatomical pathology testing, which is performed on tissue and other samples, including human cells. Clinical and anatomical pathology procedures are frequently ordered as part of regular physician office visits and hospital admissions in connection with the diagnosis and treatment of illnesses. Certain of these tests and procedures are used principally as tools in the diagnosis and treatment of a wide variety of medical conditions such as cancer, AIDS, endocrine disorders, cardiac disorders and genetic disease. The most frequently requested tests include blood chemistry analyses, urinalyses, blood cell counts, PAP smears, AIDS tests, microbiology cultures and procedures and alcohol and other substance-abuse tests.

The clinical laboratory industry consists primarily of three types of providers: hospital-based laboratories, physician-office laboratories and independent clinical laboratories, such as those

owned by the Company.

The Company believes that in 1999 approximately 50% of the clinical testing revenues in the United States were derived by hospital-based laboratories, approximately 13% were derived by physicians in their offices and laboratories and approximately 37% were derived by independent clinical laboratories. The Health Care Financing Administration ("HCFA") of the Department of Health and Human Services ("HHS") has estimated that in 1999 there were over 5,000 independent clinical laboratories in the United States.

EFFECT OF MARKET CHANGES ON THE CLINICAL LABORATORY BUSINESS

Many market-based changes in the clinical laboratory business have occurred over the past three to five years, most involving the shift away from traditional, fee-for-service medicine to managed-cost health care. The growth of the managed care sector presents various challenges to the Company and other independent clinical laboratories. Managed care organizations typically contract with a limited number of clinical laboratories and negotiate discounts to the fees charged by such laboratories in an effort to control costs. Such discounts have historically resulted in price erosion and have negatively impacted the Company's operating margins. In addition, managed care organizations have used capitated payment contracts in an attempt to fix the cost of laboratory testing services for their enrollees. Under a capitated payment contract, the clinical laboratory and the managed care organization agree to a per member, per month payment to cover all laboratory tests during the month, regardless of the number or cost of the tests actually performed. Such contracts also shift the risks of additional testing beyond that covered by the capitated payment to the clinical laboratory. For the year ended December 31, 1999 such contracts accounted for approximately $84.3 million in net sales. The increase in managed care and insurance companies attempts to control utilization of medical services overall has also resulted in declines in the utilization of laboratory testing services.

In addition, Medicare (which principally services patients 65 and older), Medicaid (which principally serves indigent patients) and insurers have increased their effort to control the cost, utilization and delivery of health care services. Measures to regulate health care delivery in general and clinical laboratories in particular have resulted in reduced prices, added costs and decreased test utilization for the clinical laboratory industry by increasing complexity and adding new regulatory and administrative requirements. From time to time, Congress has also considered changes to the Medicare fee schedules in conjunction with certain budgetary bills. The Company believes that reductions in reimbursement for Medicare services will continue to be implemented from time to time. Reductions in the reimbursement rates of other third-party payors are likely to occur as well.

The Company believes that the volume of clinical laboratory testing will be positively influenced by several factors, including primarily: an expanded base of scientific knowledge which has led to the development of more sophisticated specialized tests and increased the awareness of physicians of the value of clinical laboratory testing as a cost-effective means of prevention, early detection of disease and monitoring of treatment. Additional factors which may lead to future volume growth include: an increase in the number and types of tests which are, due to advances in technology and increased cost efficiencies, readily available on a more affordable basis to physicians; expanded substance-abuse testing by corporations and governmental agencies; increased testing for sexually transmitted diseases such as AIDS; and the general aging of the population in the United States. The impact of these factors is expected to be partially offset by declines in volume as a result of increased controls over the utilization of laboratory services by Medicare and other third-party payors, particularly managed care organizations.

LABORATORY TESTING OPERATIONS AND SERVICES

The Company has 25 major laboratories, and approximately 1,200 service sites consisting of branches, patient service centers and STAT laboratories. A "branch" is a central office which collects specimens in a region for shipment to one of the Company's laboratories for testing. Test results can be printed at a branch and conveniently delivered to the client. A branch also is used as a base for sales staff. A "patient service center" generally is a facility maintained by the Company to serve the physicians in a medical professional building or other strategic location. The patient service center collects the specimens as requested by the physician. The specimens are sent, principally through the Company's in-house courier system (and, to a lesser extent, through independent couriers), to one of the Company's major laboratories for testing. Some of the Company's patient service centers also function as "STAT labs", which are laboratories that have the ability to perform certain routine tests quickly and report results to the physician immediately. The Company processed an average of approximately 239,000 patient specimens per day in 1999. Patient specimens are delivered to the Company accompanied by a test request form. These forms, which are completed by the client, indicate the tests to be performed and provide the necessary billing information.

Each specimen and related request form is checked for completeness and then given a unique identification number. The unique identification number assigned to each specimen helps to assure that the results are attributed to the correct patient. The test request forms are sent to a data entry terminal where a file is established for each patient and the necessary testing and billing information is entered. Once this information is entered into the computer system, the tests are performed and the results are entered

primarily through computer interface or manually, depending upon the tests and the type of equipment involved. Most of the Company's computerized testing equipment is directly linked with the Company's information systems. Most routine testing is completed by early the next morning, and test results are printed and prepared for distribution by service representatives that day. Some clients have local printer capability and have reports printed out directly in their offices. Clients who request that they be called with a result are so notified in the morning. It is Company policy to notify the client immediately if a life-threatening result is found at any point during the course of the testing process.

TESTING SERVICES

Routine Testing

The Company currently offers over 2,000 different clinical laboratory tests or procedures. Several hundred of these are frequently used in general patient care by physicians to establish or support a diagnosis, to monitor treatment or medication or to search for an otherwise undiagnosed condition. The most frequently requested routine tests include blood chemistry analyses, urinalyses, blood cell counts, pap smears and AIDS tests. These routine procedures are most often used by practicing physicians in their outpatient office practices. Physicians may elect to send such procedures to an independent laboratory or they may choose to establish an in-house laboratory to perform some of the tests.

The Company performs this core group of routine tests in each of its 25 major regional laboratories, which constitutes a majority of the testing performed by the Company. The Company generally performs and reports most routine procedures within 24 hours, utilizing a variety of sophisticated and computerized laboratory testing instruments.

Specialty and Niche Testing

While the information provided by many routine tests may be used by nearly all physicians, regardless of specialty, many other procedures are more specialized in nature. Certain types of unique testing capabilities and/or client requirements have been developed into specialty or niche businesses by the Company which have become a primary growth strategy for the Company. In general, the specialty and niche businesses are designed to serve two market segments: (i) markets which are not served by the routine clinical testing laboratory and therefore are subject to less stringent regulatory and reimbursement constraints; and (ii) markets which are served by the routine testing laboratory and offer the possibility of adding related services from the same supplier. The Company's research and development group continually seeks new and improved technologies for early diagnosis. For example, the Company's Center for Molecular Biology and Pathology is a leader in

molecular diagnostics and polymerase chain reaction technologies which are often able to provide earlier and more reliable information regarding HIV, genetic diseases, cancer and many other viral and bacterial diseases. Management believes these technologies may represent a significant savings to managed care organizations by increasing the detection of early stage (treatable) diseases. The following are specialty and niche businesses in which the Company offers testing and related services:

Infectious Disease. The Company provides complete viral load testing as well as HIV genotyping and phenotyping. The Company's use of this leading-edge technology puts it in the forefront of HIV drug resistance testing-one of the most important issues surrounding the treatment of HIV.

Allergy Testing. The Company offers an extensive range of allergen testing services as well as computerized analysis and a treatment program that enables primary care physicians to diagnose and treat many kinds of allergic disorders.

Clinical Research Testing. The Company regularly performs clinical laboratory testing for pharmaceutical companies conducting clinical research trials on new drugs. This testing often involves periodic testing of patients participating in the trial over several years.

Diagnostic Genetics. The Company offers cytogenetic, biochemical and molecular genetic tests.

Identity Testing. The Company provides forensic identity testing used in connection with criminal proceedings and parentage evaluation services which are used to assist in the resolution of disputed parentage in child support litigation. Parentage testing involves the evaluation of immunological and genetic markers in specimens obtained from the child, the mother and the alleged father. Management believes it is now the largest provider of identity testing services in the United States.

Oncology Testing. The Company offers an extensive series of testing technologies that aid in diagnosing and monitoring certain cancers and predicting the outcome of certain treatments.

Occupational Testing Services. The Company provides urine testing for the detection of drugs of abuse for private and government customers, and also provides blood testing services for the detection of drug abuse and alcohol. These testing services are designed to produce "forensic" quality test results that satisfy the rigorous requirements for admissibility as evidence in legal proceedings. The Company also provides other analytical testing and a variety of management support services.

The specialized or niche testing services noted above, as well as other complex procedures, are sent to designated facilities where the Company has concentrated the people, instruments and related resources for performing such procedures so that quality and efficiency can be most effectively monitored. The Company's Center for Molecular Biology and Pathology in Research Triangle Park, North Carolina, also specializes in new test development and education and training related thereto.

CLIENTS

The Company provides testing services to a broad range of health care providers. During the year ended December 31, 1999, no client or group of clients under the same contract accounted for more than two percent of the Company's net sales. The primary client groups serviced by the Company include:

Independent Physicians and Physician Groups

Physicians requiring testing for their patients who are unaffiliated with a managed care plan are one of the Company's primary sources of testing services. Fees for clinical laboratory testing services rendered for these physicians are billed either to the physician, to the patient or the patient's third party payor such as insurance companies, Medicare and Medicaid. Billings are typically on a fee-for-service basis. If the billings are to the physician, they are based on the wholesale or customer fee schedule and subject to negotiation. Otherwise, the patient is billed at the laboratory's retail or patient fee schedule and subject to third party payor limitations and negotiation by physicians on behalf of their patients. Medicare and Medicaid billings are based on government-set fee schedules.

Hospitals

The Company serves hospitals with services ranging from routine and specialty testing to contract management services. Hospitals generally maintain an on-site laboratory to perform immediately needed testing on patients receiving care. However, they also refer less time sensitive procedures, less frequently needed procedures and highly specialized procedures to outside facilities, including independent clinical laboratories and larger medical centers. The Company typically charges hospitals for any such tests on a fee-for-service basis which is derived from the Company's customer fee schedule.

HMOs and Other Managed Care Groups

The Company serves HMOs and other managed care organizations. These medical service providers typically contract with a limited number of clinical laboratories and then designate the laboratory or laboratories to be used for tests ordered by participating

physicians. The majority of the Company's managed care testing is negotiated on a fee-for-service basis. Testing is sometimes reimbursed on a capitated basis for managed care organizations. Under a capitated payment contract, the Company agrees to cover certain laboratory tests during a given month for which the managed care organization agrees to pay a flat monthly fee for each covered member. The tests covered under agreements of this type are negotiated for each contract, but usually include routine tests and exclude highly specialized tests. Many of the national and large regional managed care organizations prefer to use large independent clinical labs such as the Company because they can service them on a national basis.

Other Institutions

The Company serves other institutions, including governmental agencies, large employers and other independent clinical laboratories that do not have the breadth of the Company's testing capabilities. The institutions typically pay on a negotiated or bid fee-for-service basis.

PAYORS

Most testing services are billed to a party other than the "client" that ordered the test. In addition, tests performed by a single physician may be billed to different payors depending on the medical benefits of a particular patient. Payors other than the direct patient, include, among others, insurance companies, managed care organizations, Medicare and Medicaid. Based on the year ended December 31, 1999 billings to the Company's respective payors based on the total volume of accessions are as follows:

	Accession Volume as a % of Total 1999	Revenue per Accession
Private Patients	3.8%	$92.56
Medicare, Medicaid and Insurance	19.1%	$27.75
Commercial Clients	42.5%	$22.36
Managed Care	34.6%	$27.68

AFFILIATIONS AND ALLIANCES

The Company provides management services in a variety of health care settings. The Company generally supplies the laboratory manager and other laboratory personnel, as well as equipment and testing supplies, to manage a laboratory that is owned by a hospital, managed care organization or other health care provider. In addition, the Company maintains a data processing system to organize and report test results and to provide billing and other pertinent information related to the tests performed in the managed laboratory. Under the typical laboratory management agreement, the laboratory manager, who is employed by the Company, reports to the hospital or clinic administration. Thus, the hospital or clinic ("Provider") maintains control of the laboratory. A pathologist designated by the Provider serves as medical director for the laboratory.

An important advantage the Company offers to its clients is the flexibility of the Company's information systems used for contract management services. In addition to the ability to be customized for a particular user's needs, the Company's information systems also interface with several hospital and clinic systems, giving the user more efficient and effective information flow.

The Company's management service contracts typically have terms between three and five years. However, most contracts contain a clause that permits termination prior to the contract expiration date. The termination terms vary but they generally fall into one of the following categories: (i) termination without cause by either the Company or the contracted Provider after written notice (generally 60 to 90 days prior to termination); (ii) termination by the contracted Provider only if there are uncorrected deficiencies in the Company's performance under the contract after notice by the contracted Provider; or (iii) termination by the contracted Provider if there is a loss of accreditation held by any Company laboratory that services the contracted Provider, which accreditation is not reinstated within 30 days of the loss, or up to 30 days' notice if there is a decline in the quality of services provided under such contract which remains uncorrected after a 15-day period. While the Company believes that it will maintain and renew its existing contracts, there can be no assurance of such maintenance or renewal.

As part of its marketing efforts, and as a way to focus on a contract management client's particular needs, the Company has developed several different pricing formulas for its management services agreements. In certain cases, profitability may depend on the Company's ability to accurately predict test volumes, patient encounters or the number of admissions in the case of an inpatient facility.

One of the Company's primary growth strategies is to develop an increasing number of hospital alliances. These alliances can take several different forms including laboratory management

contracts, discussed above, reference agreements and shared-services. As hospitals continue to be impacted by decreasing fee schedules from third party payors and managed care organizations, the Company believes that they will seek the most cost-effective laboratory services for their patients. Management believes the Company's economies of scale as well as its delivery system will enable it to assist hospitals to achieve their goals. These alliances are generally more profitable than the Company's core business due to the specialized nature of many of the testing services offered in the alliance program. In 1999, the Company added 40 alliance agreements with hospitals, physician groups and other health care provider organizations representing approximately $24 million of annual sales.

SALES AND MARKETING AND CLIENT SERVICE

The Company offers its services through a combination of direct sales generalists and specialists. Sales generalists market the mainstream or traditional routine laboratory services primarily to physicians, while specialists concentrate on individual market segments, such as hospitals or managed care organizations, or on testing niches, such as identity testing or genetic testing. Specialist positions are established when an in-depth level of expertise is necessary to effectively offer the specialized services. When the need arises, specialists and generalists work cooperatively to address specific opportunities. At December 31, 1999, the Company employed 232 generalists and 112 specialists. The Company's sales generalists and specialists are compensated through a combination of salaries, commissions and bonuses, at levels commensurate with each individual's qualifications and responsibilities. Commissions are primarily based upon the individual's productivity in generating new business for the Company.

The Company also employs account managers ("AMs") to interact with clients on an ongoing basis. AMs monitor the status of the services being provided to clients, act as problem-solvers, provide information on new testing developments and serve as the client's regular point of contact with the Company. At December 31, 1999, the Company employed 271 AMs. AMs are compensated with a combination of salaries and bonuses commensurate with each individual's qualifications and responsibilities.

The Company believes that the clinical laboratory service business is shifting away from the traditional direct sales structure and into one in which the purchasing decisions for laboratory services are increasingly made by managed care organizations, insurance plans, employers and increasingly by patients themselves. In view of these changes, the Company has adapted its sales and marketing structure to more appropriately address the new opportunities. For example, the Company has expanded its specialist sales positions in both its primary business and its niche businesses in order to maximize the Company's competitive strengths of advanced

technology and marketing focus.

The Company competes primarily on the basis of the quality of its testing, reporting and information systems, its reputation in the medical community, the pricing of its services and its ability to employ qualified personnel. During 1999, one of the Company's goals has been to improve client service. An important factor in improving client service includes the Company's initiatives to improve its billing process. See "-Billing."

INFORMATION SYSTEMS

The Company has developed and implemented management information systems to monitor operations and control costs. All financial functions are centralized in Burlington, North Carolina including purchasing and accounting. Management believes this provides greater control over spending as well as increased supervision and monitoring of results of operations.

The Company believes that the health care provider's need for data will continue to place high demands on its information systems staff. The Company operates several systems to handle laboratory, billing and financial data and transactions. The Company believes that the efficient handling of information involving clients, patients, payors and other parties will be a critical factor in the Company's future success. The Company's Corporate Information Systems Division manages its information resources and programs on a consolidated basis in order to achieve greater efficiency and economies of scale. In addition, as a key part of its response to these challenges, the Company employs a Chief Information Officer, whose responsibility is to integrate, manage and develop the Company's information systems.

In 1999, information systems activities have been focused on consolidation of the Company's multiple laboratory and billing systems to standardized laboratory testing and billing systems. The Company has established regional data centers to more effectively handle the information processing needs of the Company. The Company believes that benefits can be derived from the conversion of its multiple billing systems into a centralized system. Implementation of the billing systems conversion began in 1997 and is expected to be completed over the next two years. During 1999, the Company capitalized approximately $11.0 million in information systems development and implementation costs related directly or indirectly to billing systems. The Company anticipates capitalizing an additional $6.0 to $7.0 million in such development and implementation costs during 2000.

See "Impact of the Year 2000 Issue" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations".

BILLING

Billing for laboratory services is a complex process. Laboratories must bill many different payors such as doctors, patients, hundreds of different insurance companies, Medicare, Medicaid and employer groups, all of whom have different billing requirements. The Company believes that a majority of its bad debt expense is the result of non-credit related issues which slow the billing process, create backlogs of unbilled requisitions and generally increase the aging of accounts receivable. A primary cause of bad debt expense is missing or incorrect billing information on requisitions. The Company believes that this experience is similar to that of its primary competitors. The Company performs the requested tests and returns back the test results regardless of whether billing information has been provided at all or has been provided incorrectly. The Company subsequently attempts to obtain any missing information or rectify any incorrect billing information received from the health care provider. Among the many other factors complicating the billing process are more intricate billing arrangements due to contracts with third-party administrators, disputes between payors as to the party responsible for payment of the bill and auditing for specific compliance issues.

The Company's bad debt expense has increased in the last few years principally due to three developments that have further complicated the billing process: i) increased complexities in the billing process due to requirements of managed care payors; ii) increased medical necessity and diagnosis code requirements; and iii) existence of multiple billing information systems. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Although there can be no assurance of success, the Company has developed a number of initiatives to address the complexity of the billing process and to improve collection rates. These initiatives include: i) installation of personal computer based products in client offices and Company locations to help with the accuracy and completeness of billing information captured on the front-end; ii) establishment of a project group to focus on improvements in order entry; and iii) development and implementation of enhanced eligibility checking to compare information to payor records before billing. Additionally, the Company believes that it can benefit from the conversion of its multiple billing systems into a centralized system. Currently, 60% of the Company's billing is performed on this centralized system. By the end of 2000, the Company plans to have approximately 85% of its billing performed on the centralized system, with the remainder converted in 2001.

QUALITY ASSURANCE

The Company considers the quality of its tests to be of critical importance, and it has established a comprehensive quality assurance program for all of its laboratories and other facilities, designed to help assure accurate and timely test results. In addition to the compulsory external inspections and proficiency programs demanded by HCFA and other regulatory agencies, Company-wide systems and procedures are in place to emphasize and monitor quality assurance. All of the Company's regional laboratories are subject to on-site evaluations, the College of American Pathologists ("CAP") proficiency testing program, state surveys and the Company's own internal quality control programs.

External Proficiency/ Accreditations. The Company participates in numerous externally-administered, blind quality surveillance programs, including the CAP program. The blind programs supplement all other quality assurance procedures and give Company management the opportunity to review its technical and service performance from the client's perspective.

Internal Quality Control. The Company regularly performs internal quality control testing by running quality control samples with known values with patient samples submitted for testing. All quality control sample test results are entered into the Company's national laboratory computer, which connects the Company's facilities nationwide to a common on-line quality control database. This system helps technologists and technicians check quality control values and requires further prompt verification if any quality control value is out of range. The Company has an extensive, internally administered program of blind sample proficiency testing (i.e. the testing laboratory does not know the sample being tested is a quality control sample), as part of which the Company's locations receive specimens from the Company's Quality Assurance and Corporate Technical Services departments for analysis.

The CAP accreditation program involves both on-site inspections of the laboratory and participation in the CAP's proficiency testing program for all categories in which the laboratory is accredited by the CAP. The CAP is an independent non-governmental organization of board-certified pathologists which offers an accreditation program to which laboratories can voluntarily subscribe. The CAP has been accredited by HCFA to inspect clinical laboratories to determine adherence to the Clinical Laboratory Improvement Act of 1967, and the Clinical Laboratory Improvement Amendments of 1988 (collectively, as amended, "CLIA") standards. A laboratory's receipt of accreditation by the CAP satisfies the Medicare requirement for participation in proficiency testing programs administered by an external source. All of the Company's major laboratories are accredited by the CAP.

During 1998, the Company's forensic crime laboratory, located at the Company's Center for Molecular Biology and Pathology in Research

Triangle Park, North Carolina, was accredited by the American Society of Crime Laboratory Directors, Laboratory Accreditation Board ("ASCLD/LAB") in the category of DNA testing. Under the Crime Laboratory Accreditation Program managed by the ASCLD/LAB, a crime laboratory undergoes a comprehensive and in-depth inspection to demonstrate that its management, operations, employees, procedures and instruments, physical plant and security, and personnel safety procedures meet stringent quality standards. The Company is one of 192 ASCLD accredited crime laboratories worldwide, and is one of only four private crime laboratories holding the accreditation. Accreditation is granted for a period of five years provided that a laboratory continues to meet the standards during that period.

COMPETITION

The clinical laboratory business is intensely competitive. The Company believes that in 1999 the entire United States clinical laboratory testing industry had revenues exceeding $32 billion; approximately 50% of such revenues were attributable to hospital-affiliated laboratories, approximately 37% were attributable to independent clinical laboratories and approximately 13% were attributable to physicians in their offices and laboratories. There are presently two national independent clinical laboratories: the Company, and Quest Diagnostics Incorporated ("Quest"), which had approximately $3.3 billion in revenues from clinical laboratory testing in 1999.

During 1999, Quest acquired the clinical laboratory operations of SmithKline Beecham plc ("SmithKline"). The transaction was completed in August, 1999.

In addition to the other national clinical laboratory, the Company competes on a regional basis with many smaller regional independent clinical laboratories as well as laboratories owned by hospitals and physicians. The Company believes that the following factors, among others, are often used by health care providers in selecting a laboratory: i) pricing of the laboratory's test services; ii) accuracy, timeliness and consistency in reporting test results; iii) number and type of tests performed; iv) service capability and convenience offered by the laboratory; and v) its reputation in the medical community. The Company believes that it competes favorably with its principal competitors in each of these areas and is currently implementing strategies to improve its competitive position. See "-Clients" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company believes that consolidation will continue in the clinical laboratory testing business. In addition, the Company believes that it and the other large independent clinical laboratory testing companies will be able to increase their share of the overall clinical laboratory testing market due to a number of external factors including cost efficiencies afforded by large-scale automated

testing, Medicare reimbursement reductions and the growth of managed health care entities which require low-cost testing services and large service networks. In addition, legal restrictions on physician referrals and the ownership of laboratories as well as increased regulation of laboratories are expected to contribute to the continuing consolidation of the industry.

EMPLOYEES

At February 29, 2000, the Company had approximately 17,960 full-time equivalent employees. A subsidiary of the Company has one collective bargaining agreement which covers approximately 37 employees. The Company believes that its overall relations with its employees are good.

REGULATION AND REIMBURSEMENT

General

The clinical laboratory industry is subject to significant governmental regulation at the federal, state and sometimes local levels. As described below, these regulations concern licensure and operation of clinical laboratories, payment for laboratory services, health care fraud and abuse, security and confidentiality of health information, and environmental and occupational safety.

Regulation of Clinical Laboratories

The Clinical Laboratory Improvement Amendments of 1988 ("CLIA") extends federal oversight to virtually all clinical laboratories by requiring that they be certified by the federal government or by a federally-approved accreditation agency. Pursuant to CLIA, clinical laboratories must meet quality assurance, quality control and personnel standards. Labs also must undergo proficiency testing and are subject to inspections.

Standards for testing under CLIA are based on the complexity of the tests performed by the laboratory, with all tests classified as either high complexity, moderate complexity, or waived. Laboratories categorized as high complexity are required to meet more stringent requirements than moderate complexity laboratories. Labs performing only waived tests, which are tests determined to have a low potential for error and requiring little or no oversight, may apply for a certificate of waiver indicating that they need not comply with most of the requirements of CLIA. All major and many smaller Company facilities hold CLIA certificates to perform high complexity testing. The Company's remaining smaller testing sites hold CLIA certificates to perform moderate complexity testing or have a certificate of waiver.

The sanction for failure to comply with CLIA requirements may be suspension, revocation or limitation of a laboratory's

CLIA certificate, which is necessary to conduct business, as well as significant fines and/or criminal penalties. The loss or suspension of a license, imposition of a fine or other penalties, or future changes in the CLIA law or regulations (or interpretation of the law or regulations) could have a material adverse effect on the Company.

The Company also is subject to state regulation in some states. CLIA provides that a state may adopt regulations different from or more stringent than those under federal law, and a number of states do have their own lab regulatory schemes. State laws may require that laboratory personnel meet certain qualifications, specify certain quality controls, or require maintenance of certain records. For example, some of the Company's laboratories are subject to the State of New York's clinical laboratory regulations, which contain provisions that are more stringent than those under federal law.

The Company believes it is in compliance with federal and state laboratory requirements, and the Company's laboratories have continuing programs to ensure that their operations meet all applicable regulatory requirements, but no assurances can be given that the Company's laboratories will pass all future licensure or certification inspections.

Reimbursement of Clinical Laboratory Services

In 1999 and 1998, the Company derived approximately 20% and 22%, respectively, of its net sales from tests performed for beneficiaries of the Medicare and Medicaid programs. In addition, the Company's other business depends significantly on continued participation in these programs because clients often want a single laboratory to perform all of their testing services. Both governmental and private sector payors have made efforts to contain or reduce health care costs, including reimbursement for clinical laboratory services, in recent years.

In 1984, Congress established a Medicare fee schedule for clinical laboratory services performed for patients covered under Part B of the Medicare program. Subsequently, Congress imposed a national ceiling on the amount that can be paid under the fee schedule. Laboratories bill the program directly and must accept the scheduled amount as payment in full for covered tests performed on behalf of Medicare beneficiaries. In addition, state Medicaid programs are prohibited from paying more than the Medicare fee schedule amount for clinical laboratory services furnished to Medicaid recipients.

Since 1984, Congress has periodically reduced the ceilings on Medicare reimbursement to clinical laboratories from previously authorized levels. In 1993, pursuant to provisions in the Omnibus Budget and Reconciliation Act of 1993 ("OBRA '93"), Congress reduced, effective January 1, 1994, the Medicare national limitations from 88% of the 1984 national median to 76% of the 1984 national median, which reductions were implemented on

a phased-in basis from 1994 through 1996 (to 84% in 1994, 80% in 1995 and 76% in 1996). The 1996 reduction to 76% was implemented as scheduled on January 1, 1996. OBRA '93 also eliminated the provision for annual fee schedule increases based upon the Consumer Price Index for 1994 and 1995. These reductions were partially offset, however, by annual Consumer Price Index fee schedule increases of 3.2% and 2.7% in 1996 and 1997, respectively.

In August 1997, Congress passed and the President signed the Balanced Budget Act of 1997 ("BBA"), which included a provision that reduced, effective January 1, 1998, the Medicare national limitations from 76% of the 1984 national median to 74% of the 1984 national median. An additional provision in the BBA freezes the Consumer Price Index update for five years.

Because a significant portion of the Company's costs are relatively fixed, Medicare reimbursement reductions have a direct adverse effect on the Company's net earnings and cash flows. The Company cannot predict whether additional Medicare reductions will be implemented.

On April 1, 1997, Medicare's new policy for billing of automated chemistry profiles went into effect. The policy, which was developed by the Health Care Financing Administration ("HCFA") working with the American Medical Association, eliminates the old commonly used "19-22 test" automated chemistry profile, sometimes referred to as a "SMAC" and replaces it with four new panels of "clinically relevant" automated tests (each containing from four to twelve chemistry tests). As a result of this new policy, all major laboratory companies, including the Company, were required to eliminate the old chemistry profiles from their standard test requisition forms and standard test offerings by July 1, 1998. The Company developed and implemented a new "universal" test requisition and "standard test offerings" which successfully incorporated all required changes by the July 1, 1998 deadline. Estimated out-of-pocket costs associated with these changes are over $5 million. The Company is unable to estimate the indirect costs associated with these changes. However, personnel time and effort to roll-out the new forms to clients has been significant.

The new automated chemistry profile billing policy is intended to reduce the number of non-Medicare covered "screening tests" which Medicare believes have in the past been inappropriately billed to Medicare. The BBA also required the Department of Health and Human Services to adopt uniform coverage, administration and payment policies for lab tests using a negotiated rulemaking process. Consensus was reached by the negotiated rulemaking committee which, among other things, established policies limiting Medicare coverage for certain tests to patients with specified medical conditions or diagnoses. These uniform policies will replace local Medicare coverage policies. The proposed rules reflecting the negotiated

rulemaking committee's report are expected to be published within the next few days. However, the rules will not be effective until one year after publication of final rules, and it is uncertain when final rules will be published. Due to the variety of new rules (including limited coverage rules) which have been adopted or proposed recently to address these issues, the Company does not believe a meaningful estimate of the potential revenue impact of these developments can be made at this time. The Company's analysis to date does not indicate a currently measurable impact on revenues. The Company will continue to monitor this issue going forward.

Future changes in federal, state and local regulations (or in the interpretation of current regulations) affecting governmental reimbursement for clinical laboratory testing could have a material adverse effect on the Company. However, based on currently available information, the Company is unable to predict what type of legislation, if any, will be enacted into law.

Security and Confidentiality of Health Information

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") includes provisions that affect how electronically transmitted patient information and claims are to be handled. The reach of these provisions is quite broad because they apply to all health information that is or ever has been electronically transmitted or electronically maintained by a health plan, health care provider or health care data clearinghouse. Pursuant to HIPAA, proposed rules have been published addressing standards for electronic data formatting, the security of electronic transmission and maintenance of health information, and protecting the privacy of health information. The final regulations implementing HIPAA are not expected to be published before Summer 2000, and the regulations do not become effective until 2 years after the date of publication. Failure to comply could result in significant civil and/or criminal penalties. As it will be for virtually all healthcare-related organizations, complying with the various HIPAA requirements will be a multi-year, entity-wide effort likely requiring capital and internal labor expenditures by the Company, but until the final regulations are published, the Company is unable to estimate the total cost of compliance.

In addition to the HIPAA provisions described above, which have not yet been implemented, there are a number of state laws regarding the confidentiality of medical information, some of which apply to clinical laboratories. These laws vary widely, and new laws in this area are pending, but they most commonly restrict the use and disclosure of medical information without patient consent. Penalties for violation of these laws include sanctions against a laboratory's state licensure, as well as civil and/or criminal penalties. The Company believes it is in substantial compliance with applicable state laws concerning confidentiality of medical information.

Fraud and Abuse Regulations

Existing federal laws governing Medicare and Medicaid, as well as similar state laws, impose a variety of broadly described fraud and abuse prohibitions on healthcare providers, including clinical laboratories. These laws are interpreted liberally and enforced aggressively by multiple government agencies, including the U.S. Department of Justice, the U.S. Department of Health and Human Services Office of the Inspector General ("OIG"), and the states. The federal government's enforcement efforts have been increasing, in part as a result of the enactment of the Health Insurance Portability and Accountability Act of 1996, which, among other things, provided for the establishment of a program to coordinate federal, state and local law enforcement programs, and to conduct investigations, audits and inspections relating to payment for healthcare, and for the establishment of a federal anti-fraud and abuse account for enforcement efforts, funded through collection of penalties and fines for violations of the healthcare anti-fraud and abuse laws. Moreover, over the last several years, the clinical laboratory industry has been the focus of major governmental enforcement initiatives.

The Medicare and Medicaid anti-kickback laws prohibit intentionally providing anything of value to influence the referral of Medicare and Medicaid business. HHS has published safe harbor regulations which specify certain business activities that, although literally covered by the laws, will not violate the Medicare/Medicaid anti-kickback laws if all conditions of the safe harbor are met. Failure to fall within a safe harbor does not constitute a violation of the anti-kickback laws; rather, the arrangement would remain subject to scrutiny by HHS. Most states have their own Medicaid anti-kickback laws, and several states also have anti-kickback laws that apply to referral of all patients.

In October 1994, the Office of the Inspector General ("OIG")of HHS issued a Special Fraud Alert, which set forth a number of practices allegedly engaged in by clinical laboratories and health care providers that the OIG believes violate the federal anti-kickback laws. These practices include providing employees to collect patient samples at physician offices if the employees perform additional services for physicians that are typically the responsibility of the physicians' staff; selling laboratory services to renal dialysis centers at prices that are below fair market value in return for referrals of Medicare tests which are billed to Medicare at higher rates; providing free testing to a physician's HMO patients in situations where the referring physicians benefit from such lower utilization; providing free pick-up and disposal of bio-hazardous waste for physicians for items unrelated to a laboratory's testing services; providing facsimile machines or computers to physicians that are not exclusively used in connection with the laboratory services performed; and providing free testing for health care providers, their families and their employees (professional

courtesy testing). The OIG stressed in the Special Fraud Alert that when one purpose of the arrangements is to induce referral of program-reimbursed laboratory testing, both the clinical laboratory and the health care provider or physician may be liable under the anti-kickback laws and may be subject to criminal prosecution and exclusion from participation in the Medicare and Medicaid programs.

Recently, the OIG has provided additional guidance regarding arrangements that may violate the anti-kickback laws. In a 1999 Advisory Opinion, the OIG concluded that a proposed arrangement whereby a laboratory would offer physicians significant discounts on laboratory tests billed to the physician might violate the anti-kickback act. The OIG reasoned that if the discounts were greater than could otherwise be justified, the proposed arrangement could be viewed as the laboratory providing discounts to the physician in exchange for referral by the physician of non-discounted Medicare program business. Similarly, in a 1999 correspondence, the OIG stated that if any direct or indirect link exists between a price discount that a laboratory offers to a skilled nursing facility ("SNF") for Prospective Payment System ("PPS")-covered services and referrals of Medicare Part B business, the anti-kickback statute would be implicated. Moreover, the OIG concluded that it is continuing to monitor the situation regarding potentially unlawful contracts between SNFs and service providers, including laboratories.

Under another federal provision, known as the "Stark" law or "self-referral" prohibition, physicians who have an investment or compensation relationship with a clinical laboratory may not, unless a statutory exception applies, refer Medicare or Medicaid patients for testing to the laboratory, regardless of the intent of the parties. Similarly, laboratories may not bill Medicare or Medicaid or any other party for services furnished pursuant to a prohibited referral. There are federal Stark law exceptions for fair market value compensation to a physician for reasonable and necessary services, and for discounts to physicians purchasing laboratory services. There is also an exception for physician investment in a laboratory company so long as the company's stock is traded on a public exchange, the company has stockholder equity exceeding $75,000,000, and the physician's shares may be purchased on terms generally available to the public. State self-referral laws exist as well, which apply to all patient referrals, not just Medicare and Medicaid.

There are a variety of other types of federal and state anti-fraud and abuse laws, including laws prohibiting submission of false or otherwise improper claims to federal healthcare programs, and laws limiting the extent of any differences between the Company's charges to Medicare and Medicaid and its charges to other parties. The Company seeks to structure its business to comply with the federal and state anti-fraud and abuse laws. However, the Company is unable to predict how these laws will be applied in the future, and no assurances can be given that its arrangements will not be subject to scrutiny under them.

Sanctions for violations of these laws may include exclusion from participation in Medicare, Medicaid and other federal healthcare programs, significant criminal and civil fines and penalties, and loss of licensure. Any exclusion from participation in a federal healthcare program, or any loss of licensure, arising from any action by any federal or state regulatory or enforcement authority, would have a material adverse affect on the Company's business. Any significant criminal or civil penalty resulting from such proceedings could have a material adverse affect on the Company's business.

Environmental and Occupational Safety

The Company is subject to licensing and regulation under Federal, state and local laws and regulations relating to the protection of the environment and human health and safety, including laws and regulations relating to the handling, transportation and disposal of medical specimens, infectious and hazardous waste and radioactive materials as well as to the safety and health of laboratory employees. All Company laboratories are subject to applicable Federal and state laws and regulations relating to biohazard disposal of all laboratory specimens and the Company utilizes outside vendors for disposal of such specimens. In addition, the Federal Occupational Safety and Health Administration has established extensive requirements relating to workplace safety for health care employers, including clinical laboratories, whose workers may be exposed to blood-borne pathogens such as HIV and the hepatitis B virus. These regulations, among other things, require work practice controls, protective clothing and equipment, training, medical follow-up, vaccinations and other measures designed to minimize exposure to, and transmission of, blood-borne pathogens. Although the Company is not aware of any current material non-compliance with such Federal, state and local laws and regulations, failure to comply could subject the Company to denial of the right to conduct business, fines, criminal penalties and/or other enforcement actions.

Drug Testing

Drug testing for public sector employees is regulated by the Substance Abuse and Mental Health Services Administration ("SAMSHA") (formerly the National Institute on Drug Abuse), which has established detailed performance and quality standards that laboratories must meet in order to be approved to perform drug testing on employees of Federal government contractors and certain other entities. To the extent that the Company's laboratories perform such testing, each must be certified as meeting SAMSHA standards. The Company's Research Triangle Park, North Carolina; Memphis, Tennessee; Raritan, New Jersey; Seattle, Washington; Herndon, Virginia and Reno, Nevada laboratories are SAMSHA certified.

Controlled Substances

The use of controlled substances in testing for drugs of abuse is regulated by the Federal Drug Enforcement Administration.

SUMMARY

The Company seeks to structure its business to comply 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, which if imposed could have a material adverse affect on the Company's business.

COMPLIANCE PROGRAM

Because of evolving interpretations of regulations and the national debate over health care fraud and abuse, compliance with all Medicare, Medicaid and other government-established rules and regulations has become a significant factor throughout the clinical laboratory industry. The Company has implemented a comprehensive company-wide compliance program, in part mandated by a comprehensive five-year Corporate Integrity Agreement with the federal government. This agreement was part of the Company's 1996 settlement of federal and state claims related to billings to Medicare and other federal programs for tests performed by the Company and its predecessors. The agreement is similar to corporate integrity agreements arising out of settlements of similar claims by a number of other clinical laboratories following a broad-based government investigation and enforcement initiative. The objective of the Company's compliance program is to develop, implement, and update as necessary compliance safeguards. Emphasis is placed on developing personnel training programs and various monitoring procedures to attempt to achieve implementation of all rules and regulations.

The Company seeks to structure its business to comply 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, which could have a material adverse affect on the Company's business.

ITEM 2. PROPERTIES

The following table summarizes certain information as to the Company's principal operating and administrative facilities as of December 31, 1999.

Location	Approximate Area (in square feet)	Nature of Occupancy
Operating Facilities:		
Birmingham, Alabama	100,000	Lease expires 2005
Phoenix, Arizona	55,000	Lease expires 2009; two 5 year renewal options
San Diego, California	72,000	Lease expires 2007
Denver, Colorado	20,000	Lease expires 2001; two 5 year renewal options
Tampa, Florida	95,000	Lease expires 2009; one 5 year renewal option
Chicago, Illinois	45,000	Lease expires 2003; two 5 year renewal options
Louisville, Kentucky	60,000	Lease expires 2002; three 5 year renewal options
Detroit, Michigan	32,000	Lease expires 2004; one 10 year renewal option
Kansas City, Missouri	78,000	Owned
Reno, Nevada	16,000	Owned
	14,000	Lease expires 2003; one 2 year renewal option
Raritan, New Jersey	187,000	Owned
Uniondale, New York	108,000	Lease expires 2007; two 5 year renewal options
Burlington, North Carolina	275,000	Owned
Charlotte, North Carolina	25,000	Lease expires 2000; one 1 year renewal option
Research Triangle Park, North Carolina	71,000	Lease expires 2008,three 5 year renewal options
	111,000	Lease expires 2011; three 5 year renewal options
Memphis, Tennessee	45,000	Month to month
Dublin, Ohio	82,000	Owned
Southaven, Mississippi	17,000	Owned 5 year renewal option
Dallas, Texas	56,000	Lease expires 2004; one 5 year renewal option
Houston, Texas	70,000	Lease expires 2012; two 5 year renewal options
San Antonio, Texas	44,000	Lease expires 2004; one 5 year renewal option
Salt Lake City, Utah	20,000	Lease expires 2002; two 5 year renewal options

Location	Approximate Area (in square feet)	Nature of Occupancy
Operating Facilities cont.:		
Chesapeake, Virginia	21,000	Lease expires 2002;three 5 year renewal options
Herndon, Virginia	80,000	Lease expires 2004; one 5 year renewal option
Richmond, Virginia	57,000	Lease expires 2001; one 5 year renewal option
Kent, Washington	42,000	Lease expires 2005
Fairmont, West Virginia	25,000	Lease expires 2005;three 5 year renewal options
Administrative facilities:		
Burlington, North Carolina	293,000	Owned
	229,000	Leases expire 2000-2008; various options to purchase or renew

All of the major laboratory facilities have been built or improved for the single purpose of providing clinical laboratory testing services. The Company believes that these facilities are suitable and adequate and have sufficient production capacity for its currently foreseeable level of operations. The Company believes that if it were to lose the lease on any of the facilities it presently leases, it could find alternate space at competitive market rates and readily relocate its operations to such new locations without material disruption to its operations.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in litigation one of which purports to be a class action brought on behalf of certain patients, private insurers and benefit plans that paid for laboratory testing services during the time frame covered by the 1996 Government Settlement. The Company has also received certain similar claims brought on behalf of certain other insurance companies and individuals, some of which have been resolved for immaterial amounts. These claims for private reimbursement are similar to the government claims settled in 1996. However, no amount of damages has been specified at this time and, with the exception of the above, no settlement discussions have taken place. The Company is carefully evaluating these claims. However, due to the early stage of the claims, the ultimate outcome of these claims cannot presently be predicted.

The Company is also involved in various claims and legal actions arising in the ordinary course of business. These matters include, but are not limited to, professional liability, employee related matters, inquiries from governmental agencies and Medicare or Medicaid carriers requesting comment on allegations of billing irregularities that are brought to their attention through billing audits or third parties. In the opinion of management, based upon the advice of counsel and

consideration of all facts available at this time, the ultimate disposition of these matters will not have a material adverse effect on the financial position, results of operations or liquidity of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

On May 1, 1995, the Common Stock commenced trading on the New York Stock Exchange ("NYSE") under the symbol "LH". Prior to such date and since April 24, 1991, the Common Stock traded on the NYSE under the symbol "NH." Prior to April 24, 1991, the Common Stock was quoted on the NASDAQ National Market under the symbol "NHLI".

The following table sets forth for the calendar periods indicated the high and low sales prices for the Common Stock reported on the NYSE Composite Tape, and the cash dividends declared per share of Common Stock.

	High	Low
1998		
First Quarter	2 3/16	1 9/16
Second Quarter	2 3/4	1 13/16
Third Quarter	2 7/16	1 1/8
Fourth Quarter	1 7/8	1 3/16

	High	Low
1999		
First Quarter	2 5/16	1 1/4
Second Quarter	2 15/16	1 11/16
Third Quarter	3 1/4	2 1/4
Fourth Quarter	3 7/8	2 7/16

	High	Low
2000		
First Quarter (through February 29, 2000)	4 1/4	3 1/8

On February 29, 2000 there were 1,015 holders of record of the Common Stock.

In 1994, the Company discontinued its dividend payments for the foreseeable future in order to increase its flexibility with respect to its acquisition strategy. In addition, the Company's credit agreement, as amended, places certain restrictions, as defined in the credit agreement, on the payment of dividends.

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data presented below under the captions "Statement of Operations Data" and "Balance Sheet Data" as of and for the three-year period ended December 31, 1999 are derived from consolidated financial statements of the Company, which have been audited by PricewaterhouseCoopers LLP, independent accountants. The selected financial data presented below under the captions "Statement of Operations Data" and "Balance Sheet Data" as of and for each of the years in the two-year period ended December 31, 1996 are derived from consolidated

financial statements of the Company, which have been audited by other independent accountants. This data should be read in conjunction with the accompanying notes, the Company's consolidated financial statements and the related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," all included elsewhere herein.

	Year Ended December 31,		
	1999	1998	1997
	(Dollars in millions, except per share amounts)		
Statement of Operations Data:			
Net sales	$ 1,698.7	$ 1,612.6	$ 1,579.9
Gross profit	629.1	563.4	499.4
Operating income (loss)	149.7	127.6	(92.0)(g)
Earnings (loss) before extraordinary loss	65.4	68.8	(106.9)
Extraordinary loss	--	--	--
Net earnings (loss)	$ 65.4	$ 68.8	$ (106.9)
Earnings (loss)per common share before extraordinary loss	$ 0.12	$ 0.20	$ (1.06)
Extraordinary loss per common share	--	--	--
Net earnings (loss) per common share	$ 0.12	$ 0.20	$ (1.06)
Dividends per common share	$ --	$ --	$ --
Weighted average common shares outstanding (in thousands)	126,662	124,847	123,241
Ratio of earnings to combined fixed charges and preferred stock dividends (h)	1.22	1.11	NA
Balance Sheet Data:			
Cash and cash equivalents	$ 40.3	$ 22.7	$ 23.3
Intangible assets, net	803.9	836.2	851.3
Total assets	1,590.2	1,640.9	1,658.5
Long-term obligations and redeemable preferred stock (e)	1,041.5	1,136.1	1,200.1
Due to affiliates (f)	3.5	1.7	2.2
Total shareholders' equity	175.5	154.4	129.1

	Year Ended December 31,	
	1996	1995 (a)
	(Dollars in millions, except per share amounts)	
Statement of Operations Data:		
Net sales	$ 1,676.2	$ 1,513.5
Gross profit	492.3	489.2
Operating income (loss)	(118.8)(b)	67.2(c)
Earnings (loss) before extraordinary loss	(153.5)	(4.0)
Extraordinary loss	--	(8.3)(d)
Net earnings (loss)	$ (153.5)	$ (12.3)
Earnings (loss)per common share before extraordinary loss	$ (1.25)	$ (0.03)
Extraordinary loss per common share	--	(0.08)
Net earnings (loss) per common share	$ (1.25)	$ (0.11)
Dividends per common share	$ --	$ --
Weighted average common shares outstanding (in thousands)	122,920	110,579
Ratio of earnings to combined fixed charges and preferred stock dividends (h)	NA	1.04
Balance Sheet Data:		
Cash and cash equivalents	$ 29.3	$ 16.4
Intangible assets, net	891.1	916.7
Total assets	1,917.0	1,837.2
Long-term obligations and redeemable preferred stock (e)	1,089.4	948.6
Due to affiliates (f)	190.5	0.9
Total shareholders' equity	258.1	411.6

(a) In April 1995, the Company completed a merger with Roche Biomedical Laboratories, Inc. ("RBL"), an indirect subsidiary of Roche Holdings, Inc. ("Roche"), pursuant to an Agreement and Plan of Merger dated as of December 13, 1994 (the "Merger"). RBL's results of operations have been included in the Company's results of operations since April 28, 1995. In connection with the Merger, the Company changed its name from National Health Laboratories Holdings Inc. ("NHL") to Laboratory Corporation of America Holdings.

(b) In the second quarter of 1996, the Company recorded certain pre-tax charges of a non-recurring nature including additional charges related to the restructuring of operations following the Merger. The Company recorded a restructuring charge totaling $13.0 million for the shutdown of its La Jolla, California administrative facility and other workforce reductions. In addition, the Company recorded $10.0 million in non-recurring charges in the second quarter of 1996 related to the integration of its operations following the Merger. As a result of negotiations with the Office of the Inspector General of the Department of Health and Human Services and the Department of Justice related to the 1996 government settlement, the Company recorded a settlement charge of $185.0 million in the third quarter of 1996 to increase accruals for settlements and related expenses of government and private claims resulting from these investigations.

(c) In 1995, following the Merger, the Company determined that it would be beneficial to close certain laboratory facilities and eliminate duplicate functions in certain geographic regions where duplicate NHL and RBL facilities or functions existed at the time of the Merger. The Company recorded pre-tax restructuring charges of $65.0 million in connection with these plans. See Note 2 of the Notes to Consolidated Financial Statements which sets forth the Company's restructuring activities for the years ended December 31, 1999, 1998 and 1997. Also in 1995, the Company recorded a pre-tax special charge of $10.0 million in connection with the estimated costs of settling various claims pending against the Company, substantially all of which were billing disputes with various third party payors relating to the contention that NHL improperly included tests for HDL cholesterol and serum ferritin in its basic test profile without clearly offering an alternative profile that did not include these medical tests. As of December 31, 1999, the majority of these disputes have been settled.

(d) In connection with the repayment in 1995 of existing revolving credit and term loan facilities in connection with the Merger, the Company recorded an extraordinary loss of approximately $13.5 million ($8.3 million, net of tax), consisting of the write-off of deferred financing costs, related to the early extinguishment of debt.

(e) Long term obligations include capital lease obligations of $4.4 million, $4.2 million, $5.8 million, $9.8 million and $9.6 million at December 31, 1999, 1998, 1997, 1996 and 1995, respectively. Long-term obligations also include the long-term portion of the expected value of future contractual amounts to be paid to the former principals of acquired laboratories. Such payments are principally based on a percentage of future revenues derived from the acquired customer lists or specified amounts to be paid over a period of time. At December 31, 1999, 1998, 1997, 1996 and 1995, such amounts were $0.0 million, $7.7 million, $9.6 million, $14.8 million and $14.7 million, respectively. Long term obligations exclude amounts due to affiliates.

(f) In December 1996, Roche loaned $187.0 million to the Company to fund the 1996 government settlement in the form of a promissory note. Such note bore interest at a rate of 6.625% per annum and was repaid in June, 1997 with proceeds from the Preferred Stock Offering. See Note 9 of the Notes to Consolidated Financial Statements. The remaining amounts shown represent trade payables to affiliated companies.

(g) During the fourth quarter of 1997 the Company recorded a provision for doubtful accounts of $182.0 million, which was approximately $160.0 million greater than the amount recorded in the fourth quarter of 1996 and a $22.7 million provision for restructuring certain laboratory operations.

(h) For the purpose of calculating the ratio of earnings to combined fixed charges and preferred stock dividends (i) earnings consist of income before provision for income taxes and fixed charges and (ii) fixed charges consist of interest expense and one-third of rental expense which is deemed representative of an interest factor. For the years ended December 31, 1997 and 1996, earnings were insufficient to cover fixed charges and preferred stock dividends by $196.8 million and $188.3 million, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

During 1999, the Company experienced growth as a result of continued implementation of its strategic plan, rather than through acquisitions. The Company continues to emphasize customer satisfaction and expanding those laboratory services which offer the greatest benefit to patients, clinicians, and the Company. The areas of particular growth emphasis are higher margin esoteric testing, genetic testing, oncology testing and infectious disease testing.

Approximately $300 million in annual revenue comes from specialty testing generated through the Company's Center for Esoteric Testing in Burlington, and the Center for Molecular Biology and Pathology ("CMBP"), in Research Triangle Park. Annual revenue for the Center for Esoteric Testing is around $180 million annually, and growing at about 6-7% per year. The annual revenue for CMBP is approximately $100 million, with a number of test categories growing at an annual rate of about 15-20%.

Medically advanced infectious disease testing represented approximately $57 million in revenues in 1999. The Company expects medically advance infectious disease volume growth in the near term of 30-40% annually. This volume growth is anticipated to come primarily from HIV and hepatitus C testing. HIV resistance testing has recently received strong support from the FDA's Antiretroviral Advisory Committee for use in drug development. Resistance testing has also received strong support by the Department of Health and Human Services' Panel on Clinical Practices for treatment of HIV infection for use in clinical practice. The Company is currently the only laboratory with a historical database of multiple viral load and resistance tests on the same patient - information that has high value in the management of HIV.

Genetic testing is primarily performed at CMBP, and represented approximately $33 million in CMBP revenue at the end of 1999. The Company expects volume growth over the next several years to be about 10% annually. Demand for molecular genetic tests has doubled over the past year.

Company-wide, oncology testing, including pathology, tumor markers and molecular oncology, represented in excess of $200 million in revenue in 1999. Oncology testing has high growth potential, with increased demand for oncology testing anticipated once more therapies and tests for cancer are available. The Company will continue to add new, higher-margin tests, such as those for cervical cancer like monolayer PAP and HPV testing. The Company's national presence, the volume of testing performed and its expertise as a technology leader permits it to be one of the first labs in the country to offer new tests, helping to quickly increase awareness of new diagnostic tools.

Overall, the Company expects its current performance trends to continue into 2000. Consolidated revenues are forecast to increase by 4% to 5%, with operating expenses increasing between 2% to 3%. The effective income tax rate is forecasted to be approximately 46% for 2000.

The Company plans to continue increasing "connectivity" with customers through test ordering and result receiving products such as the LabCorp Communication Manager software, and through external alliances, such as the recently announced agreements with Healtheon/WebMD, AHT Corporation, and ProxyMed, all e-commerce health care companies. Recent strategic alliances with Kingston and Benedictine Hospitals in New York state, McAllen Medical center Hospital and Edinburg regional Medical Center in Texas, and more than 170 statewide sites of the Florida Health Department and county clinics, are benefiting from the Company's state-of-the-art information network that provide clients access to emergin technology sooner.

During the year, the clinical trials testing business of the Company opened a full-service laboratory in Belgium, in order to service the global pharmaceutical industry.

The Company's industry continues to be affected by significant government regulation, price competition and increased influence of managed care organizations. Many market-based changes in the clinical laboratory business have occurred, most involving the shift away from traditional, fee-for-service medicine to managed-cost health care. The growth of the managed care sector has presented various challenges to the Company and other independent clinical laboratories such as increased discounts and the use of capitated payment contracts. These practices have negatively impacted the Company's operating margins. 50% of the U.S. population and 85% of employees are members of managed care plans. However, recent trends indicate that membership in restrictive HMO plans has peaked, with enrollment expected to shift into plans offering more patient/provider choice, such as preferred provider organizations and point of service models. As a result, the Company is experiencing better pricing and improved margins on its managed care business. During 1999, the Company's revenue from capitated payment contracts decreased by $5.7 million, to $84.3 million, while total revenue from all managed care contracts increased by $78.3 million, to a total of $584.0 million.

IMPACT OF THE YEAR 2000 ISSUE

The Company successfully completed its Year 2000 project in regards to year end items. It has experienced only a few minor isolated Year 2000 related issues. Each issue has been quickly remediated, tested and validated. The Company continues to test and validate for any lagging Year 2000 issues.

The total expenditures to complete the Year 2000 work plan were $17.3 million, with approximately $3.0 million charged to earnings during the year ended 1998 and $7.6 million charged to earnings and an additional $6.7 million in related purchases capitalized during the twelve months ended December 31, 1999. The amounts required to address Year 2000 readiness do not include significant investments in new systems which have been made in the normal course of business and are Year 2000 compliant.

SEASONALITY

Volume of testing generally declines during the summer months, year-end holiday periods and other major holidays, resulting in net revenues and cash flows in the third and fourth quarters below the annual average. In addition, volume declines due to inclement weather may reduce net revenues and cash flows. Therefore, comparison of the results of successive quarters may not accurately reflect trends or results for the full year.

The Company experienced positive growth in both its net revenues and operating cash flows during the third and fourth quarters of 1999 in comparison to the prior year. However, there can be no assurances that this trend will extend into the future.

RESULTS OF OPERATIONS

Year ended December 31, 1999 compared with Year ended December 31, 1998.

Net sales for 1999 were $1,698.7 million, an increase of 5.3% from $1,612.6 million reported in the comparable 1998 period. Sales increased 3.1% due to an increase in price per accession (which reflects actual price increases and changes in the mix of tests performed) and 2.2% due to an increase in volume. These increases occurred as a result of specific initiatives in the Company's strategic plan that have created an improved business climate.

Cost of sales, which includes primarily laboratory and distribution costs, was $1,069.6 million for 1999 compared to $1,049.2 million in the corresponding 1998 period, an increase of 1.9%. Cost of sales increased approximately $23.0 million due to an increase in volume, approximately $2.0 million due to an increase in medical consulting fees and approximately $5.6 million due to an increase in testing supplies. These increases were offset by a decrease in salaries of $2.5 million due to streamlining of operations, and decreases in insurance ($2.6 million), telephone ($3.8 million) and freight ($1.3 million) expenses as a result of continued cost control measures. Cost of sales as a percentage of net sales was 63.0% for 1999 and 65.1% in the corresponding 1998 period. The decrease in the cost of sales percentage of net sales primarily resulted from the cost

reduction efforts mentioned above and economies of scale achieved through volume growth.

Selling, general and administrative expenses increased to $448.2 million in 1999 from $405.0 million in the same period in 1998 representing an increase of $43.2 million or 10.7%. Selling, general and administrative expenses were 26.4% and 25.1% as a percentage of net sales in 1999 and 1998, respectively. The increase in selling, general and administrative expenses is primarily the result of the increase in the provision for doubtful accounts of $27.2 million from the amount recorded in 1998 and increases of approximately $14.2 in sales incentives and commissions.

Interest expense was $41.6 million in 1999 compared to $48.7 million in 1998. This decrease is related to the Company's overall reduction in its outstanding debt. See "Liquidity and Capital Resources."

Provision for income taxes was $40.1 million in 1999 compared to $12.7 million in 1998. See "Note 10 to Consolidated Financial Statements" for a further discussion of income taxes.

Year ended December 31, 1998 compared with Year ended December 31, 1997.

Net sales for 1998 were $1,612.6 million, an increase of approximately 2.1% from $1,579.9 million reported in the comparable 1997 period. Sales increased 3.2% due to an increase in price per accession (which reflects actual price increases and changes in the mix of tests performed), which was a direct result of the Company's effort to negotiate better pricing on new contracts, raising prices on existing contracts that do not meet Company profitability targets and other pricing initiatives. This increase was offset by a 1.2% decline in sales as a result of lower testing volume, resulting from industry-wide trends as well as the Company's program of selectively eliminating unprofitable accounts and carefully evaluating the acceptability of new business.

Cost of sales, which includes primarily laboratory and distribution costs, was $1,049.2 million for 1998 compared to $1,080.5 million in the corresponding 1997 period, a decrease of 2.9%. Cost of sales decreased approximately $22.4 million due to a decrease in testing supplies, approximately $12.9 million due to the decrease in volume, and approximately $4.6 million due to a decrease in consulting fees. These decreases were partially offset by an increase in salaries due to scheduled salary increases as well as the Michigan and Delaware acquisitions. The reduction in testing supplies is the result of ongoing efforts by the Company to consolidate suppliers and inventory item usage. There can be no assurance that the Company can achieve this level of reduction in the future. Cost of sales as a percentage of net

sales was 65.1% for 1998 and 68.4% in the corresponding 1997 period. The decrease in the cost of sales percentage of net sales primarily resulted from the cost reduction efforts mentioned above.

Selling, general and administrative expenses decreased to $405.0 million in 1998 from $538.1 million in the same period in 1997 representing a decrease of $133.1 million or 24.7%. Selling, general and administrative expenses were 25.1% and 34.1% as a percentage of net sales in 1998 and 1997, respectively. The decrease in selling, general and administrative expenses is primarily the result of the decrease in the provision for doubtful accounts of $146.8 million from the amount recorded in 1997. This decrease was partially offset by increases in 1998 in personnel expenses ($13.0 million), bad debt expense ($11.3 million) and telephone ($2.0 million).

Net interest expense was $48.7 million in 1998 compared to $71.7 million in 1997.

Provision for income taxes was an expense of $12.7 million in 1998 compared to a tax benefit of $54.4 million in 1997. See "Note 10 to Consolidated Financial Statements" for a further discussion of income taxes.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $180.5 million, $125.1 million and $144.4 million, in 1999, 1998 and 1997, respectively. The increase in cash flow from operations in 1999 primarily resulted from decreases in accounts receivable.

Capital expenditures were $69.4 million, $58.7 million and $34.5 million for 1999, 1998 and 1997, respectively. The Company expects capital expenditures to be between $65.0 million and $75.0 million in 2000. These expenditures are intended to continue to improve billing systems and further automate laboratory processes. Such expenditures are expected to be funded by cash flow from operations as well as borrowings under the Company's credit facilities.

The Company's days sales outstanding (DSO) at the end of 1999 improved to 74 days as compared to 83 days at the end of 1998. During the fourth quarter of 1999, the Company decreased its bad debt expense in response to a fourth quarter improvement in cash collection rates. This improvement was due to Company wide efforts to increase cash collections from all payors, as well as on-going improvements to claim submission processes. In addition, the Company is continuing to take the steps necessary to improve DSO and cash collections by:

1. Accelerating the conversion of decentralized billing locations to a centralized billing system. During 1999, the Long Island, northern Virginia and Michigan locations were converted.

2. Assigning focused, cross functional billing operations teams to implement best practices throughout the Company, with particular emphasis on geographic areas with higher DSO's, and identifying underlying causes for and solutions to payment delays.

With the completion of the conversion of the Long Island, northern Virginia and Michigan facilities, approximately 60% of the Company's billings are performed on the Company's centralized system. By the end of the year 2000, Management anticipates that approximately 85% of billings will be performed on that system with the remainder converted during 2001. The billing system conversions, combined with improvements in front-end processes, that enhance data capture for billing, are expected to reduce DSO to approximately 69 days by the end of 2000 and the mid 60s by the end of 2001.

The Company expects that these conversions will lower DSO and have a positive impact on the timing of cash collections. The positive effects of these conversions will most likely be realized some time after the completion of the conversions. There can be no assurance that the planned billing conversions will improve the Company's DSO and cash collections.

During 1999, the Company repaid approximately $70.3 million on its term loan facility. There were no outstanding balances due on its revolving credit facility at the end of 1999 and 1998.

Based on current and projected levels of operations, coupled with availability under its revolving credit facility, the Company believes it has sufficient liquidity to meet both its short-term and long-term cash needs. For a discussion of the Company's long-term debt and revolving credit facility, see "Note 8 to Consolidated Financial Statements."

CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

The Private Securities Litigation Reform Act of 1995 evidences Congress' determination that the disclosure of forward-looking information is desirable for investors and encourages such disclosure by providing a safe harbor for forward-looking statements by corporate management. This Annual Report, including the Letter to Our Shareholders and the Management's Discussion and Analysis of Financial Condition and Results of Operations, contains forward-looking statements that involve risk and uncertainty. In order to comply with the terms of the safe harbor, the Company notes that a variety of factors could cause the Company's actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company's forward-looking statements.

The risks and uncertainties that may affect the operations, performance, development, growth projections and results of the Company's business include, but are not limited to, the growth of the economy, interest rate movements, timely development by the Company of technology enhancements of its operating systems, the impact of competitive services and pricing, customer business requirements, Congressional legislation and similar matters. Readers of this report are cautioned not to place undue reliance on forward-looking statements which are subject to influence by the named risk factors and unanticipated future events. Actual results, accordingly, may differ materially from management expectations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company has no material information to disclose.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the Index on Page F-1 of the Financial Report included herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

PART III

The information required by Part III, Items 10 through 13, of Form 10-K is incorporated by reference from the registrant's definitive proxy statement for its 2000 annual meeting of stockholders, which is to be filed pursuant to Regulation 14A not later than April 30, 2000.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) List of documents filed as part of this Report:

(1) Consolidated Financial Statements and Independent Auditors' Reports included herein:

See Index on page F-1

(2) Financial Statement Schedules:

See Index on page F-1

All other schedules are omitted as they are inapplicable or the required information is furnished in the Consolidated Financial Statements or notes thereto.

(3) Index to and List of Exhibits

(a) Exhibits:*

Exhibits 10.1 through 10.3 and 10.6 through 10.13 are management contracts or compensatory plans or arrangements.

2.1 - Agreement and Plan of Merger among the Company, NHL Sub Acquisition Corp. and NHLI (incorporated herein by reference to the Company's Registration Statement on Form S-4 filed with the Securities and Exchange Commission (the "Commission") on March 14, 1994, File No. 33-52655 (the "1994 S-4")).

2.2 - Agreement and Plan of Merger dated as of May 3, 1994 of NHLI and N Acquisition Corp. (incorporated herein by reference to Exhibit (c)(1) of Schedule 14D-1 and Schedule 13D ("Schedule 14D-1 and Schedule 13D") filed with the Commission on May 9, 1994).

2.3 - Agreement dated as of June 7, 1994, among N Acquisition Corp., the Company and NHLI (incorporated herein by reference to Exhibit (c)(7) of amendment No. 2 to Schedule 14D-1 and Schedule 13D of NHLI and N Acquisition Corp filed with the Commission on June 8, 1994).

2.4	-	Agreement and Plan of Merger dated as of December 13, 1994 among the Company, HLR Holdings Inc., Roche Biomedical Laboratories, Inc. and (for the purposes stated therein) Hoffmann-La Roche Inc. (incorporated herein by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1994 filed with the Commission on March 3, 1995, File No. 1-11353 (the "1994 10-K")).
2.5	-	Stock Purchase Agreement dated December 30, 1994 between Reference Pathology Holding Company, Inc. and Allied Clinical Laboratories, Inc. ("Allied") (incorporated herein by reference to the 1994 10-K).
3.1	-	Certificate of Incorporation of the Company (amended pursuant to a Certificate of Merger filed on April 28, 1995) (incorporated by reference herein to the report on Form 8-K dated April 28, 1995, filed with the Commission on May 12, 1995, File No. 1-11353 (the "April 28, 1995 Form 8-K")).
3.2	-	Amended and Restated By-Laws of the Company (incorporated herein by reference to the April 28, 1995 Form 8-K).
4.1	-	Warrant Agreement dated as of April 10, 1995 between the Company and American Stock Transfer & Trust Company (incorporated herein by reference to the April 28, 1995 Form 8-K).
4.2	-	Specimen of the Company's Warrant Certificate (included in the Exhibit to the Warrant Agreement included therein as Exhibit 4.1 hereto) (incorporated herein by reference to the April 28, 1995 Form 8-K).
4.3	-	Specimen of the Company's Common Stock Certificate (incorporated herein by reference to the April 28, 1995 Form 8-K).
10.1	-	National Health Laboratories Incorporated Employees' Savings and Investment Plan (incorporated herein by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1991 filed with the Commission on February 13, 1992, File No. 1-10740** (the "1991 10-K")).
10.2	-	National Health Laboratories Incorporated Employees' Retirement Plan (incorporated herein by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1992 filed with the Commission on March 26, 1993, File No. 1-10740 (the "1992 10-K")).
10.3	-	National Health Laboratories Incorporated Pension Equalization Plan (incorporated herein by reference to the 1992 10-K).
10.4	-	Settlement Agreement dated December 18, 1992 between the Company and the United States of America (incorporated herein by reference to the 1992 10-K).
10.5	-	Settlement Agreement dated November 21, 1996 between the Company and the United States of America.
10.6	-	National Health Laboratories 1988 Stock Option Plan, as amended (incorporated herein by reference to the Company's Registration Statement on Form S-1 (No. 33- 35782) filed with the Commission on July 9, 1990 (the "1990 S-1")).

10.7 - National Health Laboratories 1994 Stock Option Plan (incorporated herein by reference to the Company's Registration Statement on Form S-8 filed with the Commission on August 12, 1994, File No. 33-55065).

10.8 - Laboratory Corporation of America Holdings Performance Unit Plan (incorporated by reference to Annex II of the Company's 1995 Annual Proxy Statement filed with the Commission on August 17, 1995 (the "1995 Proxy")).

10.9 - Laboratory Corporation of America Holdings Annual Bonus Incentive Plan (incorporated by reference to Annex III of the 1995 Proxy).

10.10 - Laboratory Corporation of America Holdings Master Senior Executive Severance Plan (incorporated herein by reference to the report on Form 8-K dated October 24, 1996 (the "October 24, 1996 8-K") filed with the Commission on October 24, 1996, File No. 1-11353).

10.11 - Special Severance Agreement dated June 28, 1996 between the Company and Timothy J. Brodnik (incorporated herein by reference to the October 24, 1996 8-K).

10.12 - Special Severance Agreement dated July 12, 1996 between the Company and John F. Markus (incorporated herein by reference to the October 24, 1996 8-K).

10.13 - Special Severance Agreement dated June 28, 1996 between the Company and Robert E. Whalen (incorporated herein by reference to the October 24, 1996 8-K).

10.14 - Tax Allocation Agreement dated as of June 26, 1990 between MacAndrews & Forbes Holding Inc., Revlon Group Incorporated, New Revlon Holdings, Inc. and the subsidiaries of Revlon set forth on Schedule A thereto (incorporated herein by reference to the 1990 S-1).

10.15 - Loan Agreement dated August 1, 1991 among the Company, Frequency Property Corp. and Swiss Bank Corporation, New York Branch (incorporated herein by reference to the 1991 10-K).

10.16 - Sharing and Call Option Agreement dated as of December 13, 1994 among HLR Holdings Inc., Roche Biomedical Laboratories, Inc., Mafco Holdings Inc., National Health Care Group, Inc. and (for the purposes stated therein) the Company (incorporated by reference herein to the 1994 10-K).

10.17 - Stockholder Agreement dated as of April 28, 1995 among the Company, HLR Holdings Inc., Hoffmann-La Roche Inc. and Roche Holdings, Inc. (incorporated herein by reference to the April 28, 1995 Form 8-K).

10.18 - Exchange Agent Agreement dated as of April 28, 1995 between the Company and American Stock Transfer & Trust Company (incorporated herein by reference to the April 28, 1995 Form 8-K).

10.19 - Credit Agreement dated as of April 28, 1995, among the Company, the banks named therein, and Credit Suisse (New York Branch), as Administrative Agent (incorporated herein by reference to the April 28, 1995 Form 8-K).

10.20 - First Amendment to Credit Agreement dated as of September 8, 1995 among the Company, the banks named therein, and Credit Suisse (New York Branch), as Administrative Agent.

(incorporated by reference herein to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995 filed with the Commission on November 14, 1995, File No. 1-11353).

10.21 - Second Amendment to Credit Agreement dated as of February 16, 1996 among the Company, the banks named therein, and Credit Suisse (New York Branch), as Administrative Agent (incorporated herein by reference to the Company's Annual Report on Form 10-K for the year ended December 31, 1995 filed with the Commission on March 29, 1996, File No. 1-11353).

10.22 - Third Amendment and Second Waiver to Credit Agreement dated as of July 10, 1996 among the Company, the banks named therein and Credit Suisse (New York Branch) as Administrative Agent (incorporated herein by reference to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 1996 filed with the Commission on August 14, 1996, File No. 1-11353).

10.23 - Fourth Amendment to the Credit Agreement dated as of September 23, 1996 among the Company, the banks named therein and Credit Suisse (New York Branch), as Administrative Agent (incorporated herein by reference to the report in Form 8-K dated September 23, 1996, filed with the Commission on September 30, 1996, File No. 1-11353).

10.24 - Third Waiver to the Credit Agreement dated as of November 4, 1996 among the Company, the banks named therein and Credit Suisse (New York Branch), as Administrative Agent (incorporated herein by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 1996 filed with the Commission on November 14, 1996, File No. 1-11353).

10.25 - Fifth Amendment and Fourth Waiver to the Credit Agreement dated as of December 23, 1996 among the Company, the banks named therein and Credit Suisse (New York Branch), as Administrative Agent (incorporated herein by reference to the report on Form 8-K filed with the Commission on January 6, 1997, File No. 1-11353(the "January 6, 1997 8-K")).

10.26 - Fifth Waiver to the Credit Agreement dated as of January 27, 1997 among the Company, the banks named therein and Credit Suisse (New York Branch) as Administrative Agent.

10.27 - Sixth Amendment and Waiver to the Credit Agreement dated as of March 31, 1997 among the Company, the banks named therein and Credit Suisse First Boston as Administrative Agent.

10.28 - Amended and Restated Credit Agreement dated as of March 31, 1997 among the Company, the banks named therein and Credit Suisse First Boston as Administrative Agent.

10.29 - Second Amendment to the Amended and Restated Credit Agreement dated as of February 25, 1998 among the Company, the banks named therein and Credit Suisse First Boston as Administrative Agent.

10.30 - Third Amendment to the Amended and Restated Credit Agreement dated as of May 7, 1999 among the Company, the banks named therein and Credit Suisse First Boston as Administrative Agent (incorporated herein by reference to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 1999 filed with the Commission on August 16, 1999, File No. 1-11353).

10.31 - Laboratory Corporation of America Holdings 1995 Stock Plan for Non-Employee Directors (incorporated by reference herein to the report of Form S-8 dated September 26, 1995, filed with the Commission on September 26, 1995).

10.32 - Laboratory Corporation of America Holdings 1997 Employee Stock Purchase Plan (incorporated by reference herein to Annex I of the Company's 1996 Annual Proxy Statement filed with the Commission on October 25, 1996.

10.33 - Amendments to the Laboratory Corporation of America Holdings 1997 Employee Stock Purchase Plan (incorporated by reference herein to Annex II of the Company's 1999 Annual Proxy Statement filed with the Commission on June 16, 1999).

10.34 - Laboratory Corporation of America Holdings Amended and Restated 1999 Stock Incentive Plan (incorporated by reference herein to Annex I of the Company's 1999 Annual Proxy Statement filed with the Commission of June 16, 1999).

10.35 - Promissory note dated December 30, 1996 between the Company and Roche Holdings Inc. (incorporated herein by reference to the January 6, 1997 8-K).

10.36 - First Amendment to promissory note given by the Company to Roche Holdings Inc.

10.37 - Support Agreement between Roche Biomedical Laboratories, Inc. and Hoffmann-La Roche Inc., dated as of April 27, 1995.

10.38 - First Amendment to Support Agreement between Roche Biomedical Laboratories, Inc. and Hoffmann-La Roche Inc., dated as of July 26, 1995.

10.39 - Second Amendment to Support Agreement between Laboratory Corporation of America Holdings, Hoffmann-La Roche Inc., Roche Molecular Systems, Inc. and Roche Diagnostic Systems, Inc., dated as of January 1, 1997.

10.40 - Third Amendment to Support Agreement between Laboratory Corporation of America Holdings, Hoffmann-La Roche Inc., Roche Molecular Systems, Inc. and Roche Diagnostic Systems, Inc., dated as of October 1, 1997.

10.41 - Consulting Agreement between Laboratory Corporation of America Holdings and its subsidiaries and affiliates and Larry L. Leonard, dated as of September 1, 1998.

12.1* - Statement regarding Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.

21* - List of Subsidiaries of the Company

23.1* - Consent of PricewaterhouseCoopers LLP

24.1* - Power of Attorney of Jean-Luc Belingard

24.2* - Power of Attorney of Wendy E. Lane

24.3* - Power of Attorney of Robert E. Mittelstaedt, Jr.

24.4* - Power of Attorney of James B. Powell, M.D.
24.5* - Power of Attorney of David B. Skinner
24.6* - Power of Attorney of Andrew G. Wallace, M.D.

27 - Financial Data Schedule (electronically filed version only).

(b) Reports on Form 8-K

(1) A current report on Form 8-K dated November 18, 1999 was filed on December 1, 1999, by the registrant along with Healthworks Alliance, Inc., in connection with the press release dated November 18, 1999 announcing that the Company would utilize Healthworks' connectivity tools to electronically receive orders from (and transmit results to) the Company's joint venture hospital partners.

(2) A current report on Form 8-K dated November 22, 1999 was filed on December 1, 1999, by the registrant, in connection with the press release dated November 22, 1999 announcing a contract to be the national provider of laboratory services for CIGNA HealthCare's traditional indemnity, preferred-provider organization and HMO products in select markets. The Company also announced that its Board of Directors declared dividends on the Company's 8 1/2 percent Series A Convertible Exchangeable Preferred Stock and the Company's 8 1/2 percent Series B Convertible Pay-in-Kind Preferred Stock.

(3) A current report on Form 8-K dated December 13, 1999 was filed on December 22, 1999, by the registrant, in connection with the press release dated December 13, 1999 announcing that an agreement with Humana's Employers Health Insurance Company (EHI) was finalized. Under this agreement, the Company will service EHI's 1.4 million covered lives throughout the country and, in the future, will be a cornerstone laboratory services provider for Humana's ChoiceCare Network.

(4) A current report on Form 8-K dated December 16, 1999 was filed on December 22, 1999, by the registrant, in connection with the press release dated December 16, 1999 announcing that it was awarded a contract by the Commonwealth of Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services to perform clinical laboratory testing services.

* Filed herewith.
** Previously filed under File No. 0-17031 which has been corrected to File No. 1-10740.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company 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 of the Board, President
and Chief Executive Officer

Dated: March 15, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on March 15, 2000 in the capacities indicated.

Signature	Title
/s/ THOMAS P. MAC MAHON Thomas P. Mac Mahon	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
/s/WESLEY R. ELINGBURG Wesley R. Elingburg	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)
/s/ JEAN-LUC BELINGARD* Jean-Luc Belingard	Director
/s/ WENDY E. LANE* Wendy E. Lane	Director
/s/ ROBERT E. MITTELSTAEDT, JR.* Robert E. Mittelstaedt, Jr.	Director
/s/ JAMES B. POWELL, M.D.* James B. Powell, M.D.	Director
/s/ DAVID B. SKINNER, M.D.* David B. Skinner, M.D.	Director
/s/ ANDREW G. WALLACE, M.D.* Andrew G. Wallace, M.D.	Director

* Bradford T. Smith, by his signing his name hereto, does hereby sign this report on behalf of the directors of the Registrant after whose typed names asterisks appear, pursuant to powers of attorney duly executed by such directors and filed with the Securities and Exchange Commission.

By:/s/ BRADFORD T. SMITH
_____
Bradford T. Smith
Attorney-in-fact

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SCHEDULE

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders
of Laboratory Corporation of America Holdings

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Laboratory Corporation of America Holdings and its subsidiaries (the Company) at December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein, when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Charlotte, North Carolina
February 12, 2000

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions, except share data)

	December 31, 1999	December 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 40.3	$ 22.7
Accounts receivable, net	348.0	375.4
Inventories	29.1	30.7
Prepaid expenses and other	37.5	12.3
Deferred income taxes	44.6	78.0
Total current assets	499.5	519.1
Property, plant and equipment, net	273.2	259.1
Intangible assets, net	803.9	836.2
Other assets, net	13.6	26.5
	$ 1,590.2	$ 1,640.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 43.6	$ 50.2
Accrued expenses and other	107.0	128.7
Current portion of long-term debt	95.0	72.5
Total current liabilities	245.6	251.4
Revolving credit facility	--	--
Long-term debt, less current portion	478.4	571.3
Capital lease obligations	4.4	4.2
Other liabilities	127.6	132.8
Commitments and contingent liabilities	--	--
Mandatorily redeemable preferred stock (30,000,000 shares authorized): Series A 8 1/2% Convertible Exchangeable Preferred Stock, $0.10 par value, 4,363,178 shares issued and outstanding at December 31, 1999 and 1998, (aggregate preference value of $218.2 at December 31, 1999 and 1998)	213.4	213.0
Series B 8 1/2% Convertible Pay-in-Kind Preferred Stock, $0.10 par value, 6,971,970 and 6,409,548 shares issued and outstanding at December 31, 1999 and 1998, respectively (aggregate preference value of $348.6 and $320.5 at December 31, 1999 and 1998, respectively)	345.3	313.8
Shareholders' equity:		
Common stock, $0.01 par value; 520,000,000 shares authorized; 128,789,579 and 125,280,346 shares issued and outstanding at December 31, 1999 and 1998, respectively	1.3	1.2
Additional paid-in capital	423.9	415.7
Accumulated deficit	(245.5)	(260.5)
Unearned restricted stock compensation	(4.1)	--
Accumulated other comprehensive loss	(0.1)	(2.0)
Total shareholders' equity	175.5	154.4
	$ 1,590.2	$ 1,640.9

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

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

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
Net sales	$ 1,698.7	$ 1,612.6	$ 1,579.9
Cost of sales	1,069.6	1,049.2	1,080.5
Gross profit	629.1	563.4	499.4
Selling, general and administrative expenses	448.2	405.0	538.1
Amortization of intangibles and other assets	31.2	30.8	30.6
Restructuring and non-recurring charges	--	--	22.7
Operating income (loss)	149.7	127.6	(92.0)
Other income (expenses):			
Gain (loss) on sale of assets	(1.7)	1.6	--
Net investment income (loss)	(0.9)	1.0	2.4
Interest expense	(41.6)	(48.7)	(71.7)
Earnings (loss) before income taxes	105.5	81.5	(161.3)
Provision for income taxes	40.1	12.7	(54.4)
Net earnings (loss)	65.4	68.8	(106.9)
Less preferred stock dividends	(49.6)	(43.6)	(23.4)
Less accretion of mandatorily redeemable preferred stock	(0.8)	(0.8)	(0.5)
Net earnings (loss) attributable to common shareholders	$ 15.0	$ 24.4	$ (130.8)
Basic and diluted earnings (loss) per common share:	$ 0.12	$ 0.20	$ (1.06)

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

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

	Common Stock	Additional Paid-in Capital	Accumulated Deficit
BALANCE AT JANUARY 1,1997	$ 1.2	$ 411.0	$ (154.1)
Comprehensive loss	--	--	(106.9)
Issuance of common stock	--	1.8	--
Preferred stock dividends	--	--	(23.4)
Accretion of mandatorily redeemable preferred stock	--	--	(0.5)
BALANCE AT DECEMBER 31, 1997	1.2	412.8	(284.9)
Comprehensive income:			
Net income	--	--	68.8
Other comprehensive income:			
Change in valuation allowance on securities, net of tax	--	--	--
Comprehensive income	--	--	68.8
Issuance of common stock	--	2.9	--
Preferred stock dividends	--	--	(43.6)
Accretion of mandatorily redeemable preferred stock	--	--	(0.8)
BALANCE AT DECEMBER 31, 1998	1.2	415.7	(260.5)
Comprehensive income:			
Net income	--	--	65.4
Other comprehensive income:			
Foreign currency translation adjustments	--	--	--
Change in valuation allowance on securities, net of tax	--	--	--
Comprehensive income	--	--	65.4
Issuance of common stock	0.1	3.7	--
Issuance of restricted stock awards	--	4.5	--
Amortization of unearned restricted stock compensation	--	--	--
Preferred stock dividends	--	--	(49.6)
Accretion of mandatorily redeemable preferred stock	--	--	(0.8)
BALANCE AT DECEMBER 31, 1999	$ 1.3	$ 423.9	$ (245.5)

	Unearned Restricted Stock Compensation	Accumulated Other Comprehensive Income (loss)	Total Shareholders' Equity
BALANCE AT JANUARY 1, 1997	$ --	$ --	$ 258.1
Comprehensive loss	--	--	(106.9)
Issuance of common stock	--	--	1.8
Preferred stock dividends	--	--	(23.4)
Accretion of mandatorily redeemable preferred stock	--	--	(0.5)
BALANCE AT DECEMBER 31, 1997	--	--	129.1
Comprehensive income:			
Net income	--	--	68.8
Other Comprehensive income:			
Change in valuation allowance on securities, net of tax	--	(2.0)	(2.0)
Comprehensive income	--	(2.0)	66.8
Issuance of common stock	--	--	2.9
Preferred stock dividends	--	--	(43.6)
Accretion of mandatorily redeemable preferred stock	--	--	(0.8)
BALANCE AT DECEMBER 31, 1998	--	(2.0)	154.4
Comprehensive income:			
Net income	--	--	65.4
Other comphrehensive income:			
Foreign currency translation adjustments	--	(0.1)	(0.1)
Change in valuation allowance on securities, net of tax	--	2.0	2.0
Comprehensive income	--	1.9	67.3
Issuance of common stock	--	--	3.8
Issuance of restricted stock awards	(4.5)	--	--
Amortization of unearned restricted stock compensation	0.4	--	0.4
Preferred stock dividends	--	--	(49.6)
Accretion of mandatorily redeemable preferred stock	--	--	(0.8)
BALANCE AT DECEMBER 31, 1999	$ (4.1)	$ (0.1)	$ 175.5

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

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

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings (loss)	$ 65.4	$ 68.8	$ (106.9)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Net (gains) losses on disposals	1.7	(1.6)	--
Depreciation and amortization	84.5	84.2	86.8
Deferred compensation	0.4	--	--
Investment loss	4.2	--	--
Deferred income taxes	37.0	30.6	(43.0)
Change in assets and liabilities,			
Net change in restructuring reserves	(6.2)	(5.6)	5.6
Decrease(increase)in accounts receivable, net	27.4	(46.6)	175.0
Decrease in inventories	1.6	5.2	8.3
Decrease(increase)in prepaid expenses and other	(24.6)	4.7	4.5
Change in income taxes receivable	11.2	(2.4)	45.5
Decrease in accounts payable	(6.2)	(5.7)	(9.9)
Decrease in accrued expenses and other	(15.4)	(5.0)	(20.4)
Other, net	(0.5)	(1.5)	(1.1)
Net cash provided by operating activities	180.5	125.1	144.4
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(69.4)	(58.7)	(34.5)
Proceeds from sale of assets	1.1	12.6	1.6
Acquisitions of businesses	--	(23.7)	--
Deferred payments on acquisitions	(8.7)	(6.8)	(5.2)
Refund of lease guaranty	--	8.0	--
Net cash used for investing activities	(77.0)	(68.6)	(38.1)

(continued)

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

	YEARS ENDED DECEMBER 31,		
	1999	1998	1997
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from revolving credit facilities	$ 40.0	$ 40.0	$ 35.0
Payments on revolving credit facilities	(40.0)	(80.0)	(366.0)
Payment on affiliate loan	--	--	(187.0)
Payments on long-term debt	(70.3)	--	(68.7)
Payments on long-term lease obligations	(0.8)	(1.5)	--
Deferred financing fees	--	--	(4.6)
Sale of redeemable preferred stock, net of issuance costs	--	--	486.9
Payment of preferred stock dividends	(18.5)	(18.5)	(9.7)
Net proceeds from issuance of stock to employees	3.8	2.9	1.8
Net cash used for financing activities	(85.8)	(57.1)	(112.3)
Effect of exchange rate changes on cash and cash equivalents	(0.1)	--	--
Net increase (decrease) in cash and cash equivalents	17.6	(0.6)	(6.0)
Cash and cash equivalents at beginning of year	22.7	23.3	29.3
Cash and cash equivalents at end of year	$ 40.3	$ 22.7	$ 23.3
Supplemental schedule of cash flow information:			
Cash paid (received) during the year for:			
Interest	$ 41.8	$ 47.5	$ 69.2
Income taxes, net of refunds	23.9	(12.2)	(55.0)
Disclosure of non-cash financing and investing activities:			
Preferred stock dividends	31.1	25.1	13.7
Accretion of mandatorily redeemable preferred stock	0.8	0.8	0.5
Acquisition liabilities assumed	--	1.3	--
Unrealized loss on securities available-for-sale (net of tax)	--	2.0	--
Obligations incurred under capital leases	--	--	4.6

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENT PRESENTATION:

Laboratory Corporation of America Holdings and its subsidiaries ("Company") is one of the largest independent clinical laboratory company in the United States based on 1999 net revenues. Through a national network of laboratories, the Company offers a broad range of testing services used by the medical profession in the diagnosis, monitoring and treatment of disease and other clinical states. Since its founding in 1971, the Company has grown into a network of 25 major laboratories and approximately 1,200 service sites consisting of branches, patient service centers and STAT laboratories, serving clients in 50 states.

The consolidated financial statements include the accounts of Laboratory Corporation of America Holdings and its subsidiaries after elimination of all material intercompany accounts and transactions.

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

CASH EQUIVALENTS:

Cash equivalents (primarily investments in money market funds, time deposits, commercial paper and Eurodollars which have original maturities of three months or less at the date of purchase) are carried at cost which approximates market.

INVENTORIES:

Inventories, consisting primarily of purchased laboratory supplies, are stated at the lower of cost (first-in, first-out) or market.

FINANCIAL INSTRUMENTS:

Interest rate swap agreements, which are used by the Company 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.

PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are recorded at cost. The cost of properties held under capital leases is equal to the lower of the net present value of the minimum lease payments or the fair value of the leased property at the inception of the lease. Depreciation and amortization expense is computed on all classes of assets based on their estimated useful lives, as indicated below, using principally the straight-line method.

	Years
Buildings and building improvements	35
Machinery and equipment	3-10
Furniture and fixtures	5-10

Leasehold improvements and assets held under capital leases are amortized over the shorter of their estimated lives or the period of the related leases. Expenditures for repairs and maintenance are charged to operations as incurred. Retirements, sales and other disposals of assets are recorded by removing the cost and accumulated depreciation from the related accounts with any resulting gain or loss reflected in operations.

CAPITALIZED SOFTWARE COSTS:

The Company capitalizes purchased software which is ready for service and capitalizes software development costs incurred on significant projects starting from the time management commits to funding a project until the project is substantially complete and the software is ready for its intended use. Research and development costs and other computer software maintenance costs related to software development are expensed as incurred. Capitalized software costs are amortized using the straight-line method over the estimated useful life of the underlying system, generally five years.

FAIR VALUE OF FINANCIAL INSTRUMENTS:

The carrying amounts of cash and cash equivalents, accounts receivable, income taxes receivable and accounts payable are considered to be representative of their respective fair values due to their short-term nature. The carrying amounts of the revolving credit facility and long-term debt are considered to be representative of their respective fair values as their interest rates are based on market rates.

CONCENTRATION OF CREDIT RISK:

Substantially all of the Company's accounts receivable are with companies and individuals in the health care industry. However, concentrations of credit risk are limited due to the number of the Company's clients as well as their dispersion across many different geographic regions.

REVENUE RECOGNITION:

Sales are recognized on the accrual basis at the time test results are reported, which approximates when services are provided. Services are provided to certain patients covered by various third-party payor programs including the Medicare and Medicaid programs. Billings for services under third-party payor programs are included in sales net of allowances for contractual discounts and allowances for differences between the amounts billed and estimated program payment amounts. Adjustments to the estimated payment amounts based on final settlement with the programs are recorded upon settlement as an adjustment to revenue. In 1999, 1998 and 1997, approximately 20%, 22% and 20%, respectively, of the Company's revenues were derived from tests performed for beneficiaries of Medicare and Medicaid programs.

INCOME TAXES:

The Company accounts for income taxes utilizing the asset and liability method. Under this method deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Future tax benefits, such as net operating loss carryforwards, are recognized to the extent that realization of such benefits are more likely than not.

STOCK COMPENSATION PLANS:

The Company accounts for its employee stock option plans using the intrinsic method under APB Opinion No. 25 and related Interpretations. Accordingly, compensation for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock. The Company's employee stock

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

purchase plan is also accounted for under APB Opinion No. 25 and is treated as non-compensatory. The Company provides supplementary disclosures using the fair value method under SFAS No. 123.

Compensation cost for restricted stock awards is recorded by allocating their aggregate grant date fair value over their vesting period.

EARNINGS PER SHARE:

Basic earnings per share is computed by dividing net income (loss), less preferred stock dividends, by the weighted average number of common shares outstanding. Dilutive earnings per share is computed by dividing net income (loss), by the weighted average number of common shares outstanding plus potentially dilutive shares, as if they had been issued at the beginning of the period presented. Potentially dilutive common shares result primarily from the Company's mandatorily redeemable preferred stock, restricted stock awards and outstanding stock options and warrants. However, the effect of conversion of the Company's redeemable preferred stock, or exercise of certain of the Company's stock options or warrants was not included in the computation of diluted earnings per common share as it would have been anti-dilutive for all periods presented, except for the fourth quarter of 1998.

Basic and diluted earnings per share were calculated based on the following weighted average shares:

	Years ended December 31,		
	1999	1998	1997
Basic	126,661,882	124,846,812	123,241,222
Diluted	128,771,593	124,846,812	123,241,222

The following table summarizes the potential common shares not included in the computation of diluted earnings per share because their impact would have been antidilutive:

	December 31,		
	1999	1998	1997
Stock Options	8,729,212	9,714,707	4,788,718
Warrants	22,151,308	22,151,308	22,151,308
Series A convertible exchangeable Preferred stock	79,330,430	79,330,430	79,330,430
Series B convertible pay-in-kind Preferred stock	126,762,964	116,537,120	107,136,166

INVESTMENTS:

Investments in equity securities are reported at fair value with unrealized gains or losses, net of tax, recorded as a separate component of shareholders' equity. At December 31, 1998, the Company recorded an unrealized loss on equity investments of $2.0, net of related deferred tax benefit of $1.3. During 1999, the Company recorded an other than temporary loss on its investments in equity securities totaling $4.2.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant estimates include the allowances for doubtful accounts and deferred tax assets, amortization lives for intangible assets and accruals for self-insurance reserves. Actual results could differ from those estimates.

LONG-LIVED ASSETS:

Long-lived assets, including goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Recoverability of assets to be held and used is determined by the Company at the entity level by a comparison of the carrying amount of the assets to future undiscounted net cash flows before interest expense and income taxes expected to be generated by the assets. Impairment, if any, is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets (based on discounted cash flows). Assets to be disposed of are reported at the lower of the carrying amount or net realizable value.

INTANGIBLE ASSETS:

Intangible assets, consisting of goodwill and other intangibles (i.e., customer lists and non-compete agreements), are amortized on a straight-line basis over the expected periods to be benefited, generally ranging from 25 to 40 years for goodwill, 10 to 25 years for customer lists and approximately 5 years for non-compete agreements.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

RECLASSIFICATIONS:

The amounts shown as "deferred payments on acquisitions" have been reclassified in the Consolidated Statements of Cash Flows to Cash Flows from Investing Activities from Cash Flows from Financing Activities.

2. RESTRUCTURING AND NON-RECURRING CHARGES

During the fourth quarter of 1997, the Company recorded pre-tax charges of $22.7, related primarily to the downsizing of its Long Island, New York facility and the consolidation into its Raritan, New Jersey facility. This amount included approximately $5.2 for severance and $12.5 for future lease obligations and other facilities related charges. The net workforce reduction as a result of this activity was approximately 260 employees, primarily in the laboratory's operations.

In the second quarter of 1997, the Company determined that approximately $12.6 of existing reserves were excessive due largely to proceeds from subleases and asset disposals. Also, in the second quarter of 1997, the Company decided to consolidate its Winston-Salem, North Carolina laboratory and redirect specimen volumes to other company facilities. Restructuring charges related to the closing of the Winston-Salem laboratory totaled $12.6.

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

	Total
Balance at December 31, 1996	$ 34.6
Long Island downsizing	22.7
Winston-Salem closure	12.6
Adjustments	(12.6)
Reclassifications and non-cash items	(1.6)
Cash payments	(17.1)
Balance at December 31, 1997	38.6
Cash payments	(5.6)
Balance at December 31, 1998	33.0
Cash payments	(6.2)
Balance at December 31, 1999	$ 26.8
Current	12.7
Non-current	14.1
	$ 26.8

The cash payments for all periods presented represent disbursements made primarily for lease obligations and employee severance. The balance remaining in restructuring reserves at December 31, 1999, relates primarily to future lease obligations.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

3. ACCOUNTS RECEIVABLE, NET

	December 31, 1999	December 31, 1998
Gross accounts receivable	$ 495.1	$ 569.4
Less allowance for doubtful accounts	(147.1)	(194.0)
	$ 348.0	$ 375.4

The provision for doubtful accounts was $191.9, $164.7 and $311.5 in 1999, 1998 and 1997, respectively.

4. PROPERTY, PLANT AND EQUIPMENT, NET

	December 31, 1999	December 31, 1998
Land	$ 9.4	$ 9.7
Buildings and building improvements	67.8	64.6
Machinery and equipment	312.1	306.6
Leasehold improvements	58.7	57.3
Furniture and fixtures	21.4	26.1
Construction in progress	48.8	32.7
Buildings under capital leases	5.4	5.4
Equipment under capital leases	3.5	4.6
	527.1	507.0
Less accumulated depreciation and amortization of capital lease assets	(253.9)	(247.9)
	$ 273.2	$ 259.1

5. INTANGIBLE ASSETS, NET

	December 31, 1999	December 31, 1998
Goodwill	$ 780.6	$ 782.9
Other intangibles, principally customer lists and non-compete agreements	231.2	231.2
	1,011.8	1,014.1
Less accumulated amortization	(207.9)	(177.9)
	$ 803.9	$ 836.2

Amortization of intangible assets was $31.2, $30.8 and $30.6 in 1999, 1998 and 1997, respectively.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

6. ACCRUED EXPENSES AND OTHER

	December 31, 1999	December 31, 1998
Employee compensation and benefits	$ 48.9	$ 45.9
Acquisition related accruals	13.8	16.7
Restructuring reserves	12.7	17.5
Accrued taxes	--	11.2
Self-insurance reserves	20.0	22.6
Interest payable	3.5	5.7
Other	8.1	9.1
	$ 107.0	$ 128.7

7. OTHER LIABILITIES

	December 31, 1999	December 31, 1998
Acquisition related accruals	$ 8.9	$ 16.8
Restructuring reserves	14.1	15.5
Deferred income taxes	31.2	29.4
Post-retirement benefit obligation	35.2	32.5
Self-insurance reserves	37.8	37.8
Other	0.4	0.8
	$ 127.6	$ 132.8

8. LONG-TERM DEBT

The Company entered into an Amended and Restated Credit Agreement dated as of March 31, 1997 (the "Amended Credit Agreement"), with the banks named therein (the "Banks") and Credit Suisse First Boston, as administrative agent (the "Bank Agent"), under which the Banks made available to the Company a senior term loan facility of $693.8 (the "Amended Term Loan Facility") and a revolving credit facility of $450.0 (the "Amended Revolving Credit Facility" and, together with the Term Loan Facility, the "Bank Facility") which includes a $50.0 letter of credit sublimit. The Bank Facility is unconditionally and irrevocably guaranteed by certain of the Company's subsidiaries.

Under the Amended Credit Agreement and a contractual formula contained therein, maturities under the Amended Term Loan Facility are $88.3 in 2000 (to be paid in quarterly installments), $132.0 in 2001 through 2003 and $82.4 in 2004 (all paid in quarterly installments). The Amended Revolving Credit Facility expires in March 31, 2002. The Company repaid approximately $70.3 during the year ended December 31, 1999 on its Amended Term Loan Facility. The Company will also make a special payment on its Amended Term Loan Facility during the second quarter of 2000 of approximately $6.7, based on a contractual formula contained in the Amended Credit Agreement.

Both the Amended Term Loan Facility and the Amended Revolving Credit Facility bear interest, at the option of the Company, at (i) the base rate (the higher of the Bank Agent's base commercial loan rate or 50 basis points above the Federal Funds Rate) plus the applicable base rate margin or (ii) the Eurodollar rate plus the applicable Eurodollar rate margin. The Amended Credit Agreement provides that in the event of a reduction of the percentage of Common Stock held by Roche and its affiliates (other than the Company and its subsidiaries) below 25%, the applicable interest margins and facility fees on borrowings outstanding under the Amended Credit Agreement will increase. In addition, pursuant to the Amended Credit Agreement, the applicable interest margins on borrowings outstanding thereunder are based upon the leverage ratio.

The Amended Credit Agreement contains certain debt covenants, the most restrictive of which limit payment of dividends and place a cap on business acquisitions and capital expenditures. The covenants also require that the Company maintain certain leverage and interest coverage ratios as well as minimum levels of shareholders' equity.

At December 31, 1999 and 1998 the Company was a party to interest rate swap agreements with certain major financial institutions, rated A or better by Moody's Investor Service, solely to manage its interest rate exposure with respect to $500.0 of its floating rate debt. This effectively fixed the interest rate exposure on the floating rate debt to a weighted-average fixed interest rate of 6.11% and 6.20%, respectively. These swaps require that the Company pay a fixed rate amount in exchange for the financial institutions paying a floating rate amount. The amounts paid by the Company in 1999 and 1998 were $1.9 and $0.3, respectively. The notional amounts of the agreements are used to measure the interest to be paid or received and do not represent the amount of exposure to credit loss. The current agreements mature in September 2002 and January 2003. The estimated (benefit) cost at which the Company could have terminated these agreements as of December 31, 1999 and 1998 was approximately $(11.0) and $6.9, respectively. This fair value was estimated by discounting the expected cash flows using rates currently available for interest rate swaps with similar terms and maturities. Interest rates in effect for both the long-term and revolving credit agreement as of December 31, 1999 and 1998 were 6.7% and 5.8%, respectively.

9. ISSUANCE OF MANDATORILY REDEEMABLE PREFERRED STOCK

On May 19, 1997 the Board of Directors of the Company declared a dividend of 10,000,000 transferable subscription rights which were then issued pro rata to holders of its common stock on May 29, 1997 entitling them to purchase up to an aggregate of $500.0 of redeemable convertible preferred stock issuable in two series at a subscription price of $50 per share (the "Preferred Stock Offering"). The subscription period ended on June 16, 1997. On that date, rights

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

were exercised to purchase 4,363,202 shares of Series A 8 1/2% Convertible Exchangeable Preferred Stock ("Series A") and 5,636,798 shares of Series B 8 1/2% Convertible Pay-in-Kind Preferred Stock ("Series B"), each at a subscription price of $50 per share. Roche exercised its basic subscription privilege in full for 4,988,751 shares of Series B and other rights holders purchased the remaining 5,011,249 shares.

The Series A is currently convertible at the option of the holder into common stock, will pay cash dividends and will be exchangeable on or after June 30, 2000 at the Company's option for 8 1/2% Convertible Subordinated Notes due June 30, 2012. The Series B will be convertible at the option of the holder after June 30, 2000 into common stock, will pay dividends in-kind until June 30, 2003, and in cash thereafter, and will not be exchangeable for notes. The conversion rate for both series of preferred stock is 18.1818 shares of common stock per share of preferred stock. Each series of preferred stock will be mandatorily redeemable after June 30, 2012 at $50 per share and will be redeemable at the option of the Company after July 7, 2000 at prices declining from $52.83 to $50.00 in 2006 and thereafter. Neither series of preferred stock entitles the holder to any voting rights in the Company. Net proceeds from the Preferred Stock Offering were $486.9 and were used to repay a loan from Roche, including accrued interest, and to reduce amounts outstanding under the Company's term loan and revolving credit facilities.

Offering costs of $13.1 were recorded against the aggregate preference value of the preferred stock and will be accreted up to the date of mandatory redemption. Accretion for the year ended December 31, 1999 was $0.8.

10. INCOME TAXES

The provisions for income taxes in the accompanying consolidated statements of operations consist of the following:

	Years Ended December 31,		
	1999	1998	1997
Current:			
Federal	$ 0.5	$ (17.6)	$ (12.3)
State	2.6	1.0	0.9
	3.1	(16.6)	(11.4)
Deferred:			
Federal	29.1	45.2	(35.5)
State	7.9	(15.9)	(7.5)
	37.0	29.3	(43.0)
	$ 40.1	$ 12.7	$ (54.4)

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

The effective tax rates on earnings (loss) before income taxes is reconciled to statutory federal income tax rates as follows:

	Years Ended December 31,		
	1999	1998	1997
Statutory federal rate	35.0%	35.0%	(35.0)%
State and local income taxes, net of federal income tax effect	5.1	8.5	(2.4)
Non deductible amortization of intangible assets	5.7	8.6	4.3
Change in valuation allowance	(9.5)	(33.8)	6.2
Adjustments of deferred tax balances	--	--	(6.2)
Other	1.7	(2.7)	(0.6)
Effective rate	38.0%	15.6%	(33.7)%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	December 31, 1999	December 31, 1998
Deferred tax assets:		
Settlement and related expenses	$ 13.0	$ 13.0
Accounts receivable	2.1	23.0
Self-insurance reserves	4.3	6.0
Postretirement benefit obligation	13.9	13.7
Acquisition and restructuring reserves	30.9	37.2
State net operating loss carryforwards	15.3	15.7
Other	8.6	22.7
	88.1	131.3
Less valuation allowance	(4.5)	(14.5)
Net deferred tax assets	83.6	116.8
Deferred tax liabilities:		
Intangible assets	(43.6)	(54.3)
Property, plant and equipment	(26.9)	(12.2)
Other	(1.5)	(1.7)
Total gross deferred tax liabilities	(72.0)	(68.2)
Net deferred tax assets	$ 11.6	$ 48.6

In 1996, a valuation allowance of $32.0 was established because at the time the realization of the deferred tax asset related to the state net operating loss carryforwards, the postretirement benefit obligation as well as certain other temporary differences was considered less likely than not. The increase in the valuation allowance of $10.0 from December 31, 1996 to December 31, 1997 was due to the uncertain realization of the state tax effect of certain temporary differences. Based on improved current and projected

operating results, the Company reduced its valuation allowance applied against its deferred tax assets relating to state net operating loss carryforwards and certain acquisition and restructuring reserves by approximately $27.5 during the fourth quarter of 1998 and an additional $10.0 during 1999. These were reflected as a reduction in the provision for income taxes. These adjustments bring 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.

During 1999, the Company received a revised Revenue Agents Report (RAR) from the Internal Revenue Service, concluding audits of the tax years ended 1993, 1994, and 1995 and a RAR concluding the audits of the tax years 1996 and 1997. The revised RAR for the tax years 1993-1995, reflects the fact that the IRS conceded their previous adjustments for additional taxes of $14.6. Previously, the Company had recorded a net income tax refund receivable related to 1993-1997 amended tax returns, coupled with adjustments agreed-upon from the 1993-1995 RAR. During 1999, an additional net income tax refund receivable was recorded due to the RAR being received for 1996 and 1997. The total net income tax refund receivable of $17.4 is reflected in the accompanying Consolidated Balance Sheet as of December 31, 1999 in prepaid expenses and other.

The Company has state tax loss carryforwards of approximately $244.5 which expire, starting in 2001, through 2018.

11. STOCK COMPENSATION PLANS

The Company has a number of stock option plans which authorize and reserve shares of common stock for issuance pursuant to options and stock appreciation rights that may be granted under these plans.

In June 1999, the shareholders approved further amendments to its 1997 Stock Option Plan and the incorporation of these amendments into an amended and restated version of the plan (the amended and restated plan, the "1999 Incentive Plan"). The principal purpose of the amendments was to permit the issuance of shares of restricted stock and authorize 3.2 million additional shares for issuance under the plan. The effect of the amendment was to increase to an aggregate of 9.2 million shares available for issuance under the current plan.

During 1999, there were 867,384 options granted to officers and key employees of the Company. The exercise price for these options ranged from $2.75 to $2.94 per share. Also, during 1999 1,620,000 shares of restricted stock were issued to senior management under the 1999 Incentive Plan at the market value on the date of grant of $2.75. Restrictions limit the sale or transfer of these shares during a six-year period when the restrictions lapse. Upon issuance of stock under the plan, unearned compensation of $4.5 was recorded as additional paid-in capital and an opposite amount was charged to shareholders'

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

equity as unearned restricted stock compensation, which is being amortized to expense over the six-year vesting period. During 1999, compensation expense of $0.4 was recorded. The plan provides for accelerated vesting of outstanding shares in percentages of 33.3%, 66.7% or 100%, if certain predefined profitability targets are achieved as of December 31, 2001. At December 31, 1999, there were 1,715,033 additional shares available for grant under the Company's Stock Option Plans.

The proforma weighted average fair values at date of grant for options issued during 1999, 1998 and 1997 were $1.68, $1.10 and $1.56 respectively, and were estimated using the Black-Scholes option pricing model. Weighted average assumptions for the expected life in years, volatility and dividend yield were 5 years, .5, and 0% for each of the three years ended December 31, 1999. Interest rates assumptions were 6%, 4.4% and 5.6% for the years ended December 31, 1999, 1998 and 1997, respectively.

The Company has an employee stock purchase plan, begun in 1997 and amended in 1999, with 7,500,000 shares of common stock for authorized issuance. The plan permits substantially all employees to purchase a limited number of shares of the Corporation stock at 85% of market value. The Company issues shares to participating employee's semi annually in January and July of each year. A summary of shares issued is as follows:

	1997	1998	1999	2000
January		923,335	961,122	525,873
July	607,536	730,197	867,736	

Pro-forma compensation expense is calculated for the fair value of the employee's purchase right using the Black-Scholes model. Assumptions include a weighted average life of approximately one-half year, dividend yield of 0%, risk free interest rates for each six month period as follows: 1999 - 5.5% and 4.9%; 1998 - 5.3% and 5.1%; and 1997 - 5.2% and 5.1% and volatility rates for each of the following six month periods: 1999 - .5 and .4; 1998 - .6 and .8; and 1997 - .7 and .6.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

The per share weighted average grant date fair value of the benefits under the Plan for the first and second months is as follows:

	1997	1998	1999
First six months	$.39	$.50	$.90
Second six months	$.75	$.78	$.80

The Company applies the provisions of APB Opinion No. 25 in accounting for its plans and, accordingly, no compensation cost has been recognized for its stock compensation plans in the financial statements. Had the Company determined compensation cost based on the fair value method as defined in SFAS No. 123, the impact on the Company's net earnings (loss) on a pro forma basis is indicated below:

		Years ended December 31, 1999	1998	1997
Net earnings (loss)	As reported	$ 65.4	$ 68.8	$(106.9)
	Pro forma	62.8	66.1	(108.8)
Net earnings (loss) per common share	As reported	$ 0.12	$ 0.20	$ (1.06)
	Pro forma	0.10	0.17	(1.07)

Pro forma net earnings (loss) reflects only options granted in 1999, 1998 and 1997. Therefore, the full impact of calculating compensation cost for stock options under SFAS No. 123 is not reflected in the pro forma amounts presented above because compensation cost for options granted prior to January 1, 1996 is not considered.

The following table summarizes grants of non-qualified options made by the Company to officers and key employees under all plans. Stock options are generally granted at an exercise price equal to or greater than the fair market price per share on the date of grant. Also, for each grant, options vest ratably over a period of two to three years on the anniversaries of the grant date, subject to their earlier expiration or termination.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

Changes in options outstanding under the plans for the periods indicated were as follows:

	Number of Options	Weighted-Average Exercise Price per Option
Outstanding at January 1, 1997	1,298,218	$14.637
Options granted	4,080,000	$ 2.900
Canceled	(589,500)	$ 9.508
Outstanding at December 31, 1997 (1,769,893 exercisable)	4,788,718	$ 4.963
Granted	5,249,880	$ 1.939
Canceled	(323,891)	$ 7.149
Outstanding at December 31, 1998 (2,825,940 exercisable)	9,714,707	$ 3.256
Options granted	867,384	$ 2.752
Canceled	(601,234)	$ 4.273
Exercised	(25,167)	$ 2.253
Outstanding at December 31, 1999	9,955,690	$ 3.153
Exercisable at December 31, 1999	5,424,883	$ 3.990

The weighted-average remaining life of options outstanding at December 31, 1999 is approximately 7.8 years.

The following table summarizes information concerning currently outstanding and exercisable options.

OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$ 1.938 - 3.125	9,251,365	8.0	$ 2.372	4,720,558	$ 2.584
$11.293 - 16.481	704,325	5.5	$13.416	704,325	$13.416
	9,955,690			5,424,883	

12. RELATED PARTY TRANSACTIONS

At December 31, 1999 and 1998, 61,329,256 shares of the Company's outstanding common stock, or approximately 47.6% at December 31, 1999 and 49.0% at December 31, 1998, were owned by Roche. In addition, Roche owned 6,170,140 shares of the Company's

redeemable convertible preferred stock at December 31, 1999, or approximately 54.4% and 5,672,399 shares (52.7%) at December 31, 1998. No voting rights are associated with the redeemable preferred shares.

As of December 31, 1999 and 1998, the number of warrants outstanding to purchase the Company's common stock was 22,151,308, of which 8,325,000 warrants were held by an affiliate of Roche. These warrants are exercisable at a price of $22.00 per share and expire on April 28, 2000.

The Company purchases certain items, primarily laboratory testing supplies from various affiliates of Roche. Total purchases from these affiliates, which are recorded in cost of sales, were $38.3, $33.0, and $25.2 in 1999, 1998 and 1997, respectively. In addition, the Company made royalty payments to Roche in the amounts of $2.9 in 1999, $2.9 in 1998 and $3.7 in 1997. Revenue received from Roche for laboratory services was $0.9 in 1999, $0.5 in 1998 and $1.6 in 1997. Amounts owed to affiliates at December 31, 1999 and 1998 were $3.5 and $1.7, respectively.

A member of the Company's Board of Directors is President and Chief Executive Officer of TriPath Imaging, Inc. and has ownership of approximately 8.0% of TriPath's common stock. The Company's Chief Executive Officer has ownership of less than 1% of TriPath's common stock.

The Company has certain on-going arrangements with TriPath Imaging, Inc. for the purchase by the Company of certain products with an aggregate value of approximately $0.4 in 1999, less than $0.7 in 1998 and less than $0.1 in 1997.

In 1998, TriPath leased a portion of the Company's facility in Elon College, North Carolina and purchased cytology services for total payments of less than $0.1.

13. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is involved in litigation which purports to be a class action brought on behalf of certain patients, private insurers and benefit plans that paid for laboratory testing services during the time frame covered by the 1996 government settlement. The Company has also received similar claims brought on behalf of certain other insurance companies, some of which have been resolved for immaterial amounts. These claims for private reimbursement are similar to the government claims settled in 1996. However, no amount of damages has been specified at this time and, with the exception of the above, no settlement discussions have taken place. The Company is carefully evaluating these claims. However, due to the early stage of the claims, the ultimate outcome of these claims cannot presently be predicted.

The Company is also involved in various claims and legal actions arising in the ordinary course of business. These matters include, but are not limited to, professional liability, employee related matters, inquiries from governmental agencies and Medicare or Medicaid carriers requesting comment on allegations of billing irregularities that have been 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 is not expected to 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, product 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 December 31, 1999 and 1998, the Company had provided letters of credit aggregating approximately $24.0 and $23.0, respectively, primarily in connection with certain insurance programs.

The Company leases various facilities and equipment under non-cancelable lease arrangements. Future minimum rental commitments for leases with noncancellable terms of one year or more at December 31, 1999 are as follows:

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	Operating	Capital
2000	$ 43.4	$ 2.8
2001	30.9	2.9
2002	24.1	2.9
2003	18.9	2.7
2004	13.9	2.6
Thereafter	51.9	7.1
Total minimum lease payments	183.1	21.0
Less:		
Amounts included in restructuring accruals	--	12.5
Amount representing interest	--	3.5
Total minimum operating lease payments and present value of minimum capital lease payments	$183.1	$ 5.0
Current		$ 0.6
Non-current		4.4
		$ 5.0

Rental expense, which includes rent for real estate, equipment and automobiles under operating leases, amounted to $67.0, $67.5 and $67.9 for the years ended December 31, 1999, 1998 and 1997, respectively.

14. PENSION AND POSTRETIREMENT PLANS

The Company maintains a defined contribution pension plan for all eligible employees. Eligible employees are defined as individuals who are age 21 or older and have been employed by the Company for at least six consecutive months and completed 1,000 hours of service. Company contributions to the plan are based on a percentage of employee contributions. The cost of this plan was $7.5, $7.1 and $6.9 in 1999, 1998 and 1997, respectively.

In addition, substantially all employees of the Company are covered by a defined benefit retirement plan (the "Company Plan"). The benefits to be paid under the Company Plan are based on years of credited service and average final compensation. The Company's policy is to fund the Company Plan with at least the minimum amount required by applicable regulations.

The Company has a second defined benefit plan which covers its senior management group that provides for the payment of the difference, if any, between the amount of any maximum limitation on annual benefit payments under the Employee Retirement Income Security Act of 1974 and the annual benefit that would be payable under the Company Plan but for such limitation. This plan is an unfunded plan.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

The components of net periodic pension cost for both of the defined benefit plans are summarized as follows:

	Company Plan		
	Years ended December 31,		
	1999	1998	1997
COMPONENTS OF NET PERIODIC BENEFIT COST			
Service cost	$ 10.5	$ 10.5	$ 10.4
Interest cost	9.2	8.6	8.3
Expected return on plan assets	(12.1)	(11.0)	(8.7)
Net amortization and deferral	(1.6)	(1.6)	(1.2)
Net periodic pension cost	$ 6.0	$ 6.5	$ 8.8

	Company Plan	
	December 31,	
	1999	1998
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$140.3	$134.1
Service cost	10.5	10.5
Interest cost	9.2	8.6
Actuarial gain	(11.7)	(4.0)
Benefits paid	(10.0)	(8.9)
Benefit obligation at end of year	138.3	140.3
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	135.9	118.5
Actual return on plan assets	3.5	9.9
Employer contributions	8.7	16.4
Benefits paid	(10.0)	(8.9)
Fair value of plan assets at end of year	138.1	135.9
Funded status, end of year	0.2	4.4
Unrecognized net actuarial loss	(10.7)	(14.3)
Unrecognized prior service cost	8.6	10.6
Accrued pension liability (asset)	$ (1.9)	$ 0.7

Assumptions used in the accounting for the defined benefit plans were as follows:

	Company Plan	
	1999	1998
Weighted-average discount rate	7.75%	6.75%
Weighted-average rate of increase in future compensation levels	4.0%	4.0%
Weighted-average expected long-term rate of return	9.0%	9.0%

The Company assumed obligations under a subsidiary's postretirement medical plan. Coverage under this plan is restricted to a limited number of existing employees of the subsidiary. This plan is unfunded and the Company's policy is to

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

fund benefits as claims are incurred. The components of postretirement benefit expense are as follows:

	Year ended December 31, 1999	Year ended December 31, 1998
Service cost	$ 1.0	$ 1.0
Interest cost	2.6	2.7
Net amortization and deferral	(0.1)	0.1
Postretirement benefit costs	$ 3.5	$ 3.8

A summary of the components of the accumulated postretirement benefit obligation follows:

	December 31, 1999	1998
Retirees	$ 8.0	$ 9.3
Fully eligible active plan participants	9.3	11.5
Other active plan participants	14.6	18.0
	$ 31.9	$ 38.8

RECONCILIATION OF THE FUNDED STATUS OF THE POSTRETIREMENT BENEFIT PLAN AND ACCRUED LIABILITY:	December 31, 1999	1998
Accumulated postretirement benefit obligation, beginning of year	$ 38.8	$ 40.6
Changes in benefit obligation due to:		
Service cost	1.0	1.0
Interest cost	2.6	2.7
Plan participants contributions	0.1	0.1
Actuarial gain	(9.7)	(3.7)
Amendments	--	(1.1)
Benefits paid	(0.9)	(0.8)
Accumulated post retirement benefit obligation, end of year	31.9	38.8
Unrecognized net actuarial loss	(0.3)	(10.5)
Unrecognized prior service cost	3.6	4.2
Accrued postretirement benefit obligation	$ 35.2	$ 32.5

The weighted-average discount rates used in the calculation of the accumulated postretirement benefit obligation were 7.8% and 6.8%, respectively, as of December 31, 1999 and 1998. The health care cost trend rate was assumed to be 7.0% and 7.5%, respectively, declining gradually to 5.0% in the year 2006 and thereafter. The health care cost trend rate has a significant effect on the amounts reported. Increasing the assumed health care cost trend rates by a percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 1999 by $5.4. The impact of a percentage point increase on the aggregate of the service cost and interest cost components of the net periodic postretirement benefit cost results in an increase of $0.7.

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

15. QUARTERLY DATA (UNAUDITED)

The following is a summary of unaudited quarterly data:

	Year ended December 31, 1999				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Net sales	$ 417.9	$ 429.5	$ 428.6	$ 422.7	$ 1,698.7
Gross profit	151.4	164.3	163.4	150.0	629.1
Net earnings	14.1	19.8	17.2	14.3	65.4
Less preferred dividends	11.0	12.5	12.9	13.2	49.6
Less accretion of mandatorily redeemable preferred stock	0.2	0.2	0.2	0.2	0.8
Net earnings attributable to common shareholders	2.9	7.1	4.1	0.9	15.0
Basic and diluted earnings per common share	0.02	0.06	0.03	0.01	0.12

	Year ended December 31, 1998				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
Net sales	$ 387.7	$ 402.4	$ 414.7	$ 407.8	$ 1,612.6
Gross profit	132.0	144.6	144.4	142.4	563.4
Net earnings	9.3	12.8	11.4	35.3	68.8
Less preferred dividends	11.0	11.3	11.1	10.2	43.6
Less accretion of mandatorily redeemable preferred stock	0.2	0.2	0.2	0.2	0.8
Net earnings (loss) attributable to common shareholders	(1.9)	1.3	0.1	24.9	24.4
Basic earnings (loss) per common share	(0.01)	0.01	0.00	0.20	0.20
Diluted earnings (loss) per common share	(0.01)	0.01	0.00	0.11	0.20

In the fourth quarter of 1998, the Company reclassified certain amounts for the three quarters ended September 30, 1998, to selling, general and administrative expenses from net sales adjustments to be consistent with the 1998 classification. The reclassified amounts are as follows: $14.7, first quarter of 1998; $16.3, second quarter of 1998; $16.4, third quarter of 1998.

For the fourth quarter of 1998, basic and diluted earnings per common share is calculated based on the weighted average number of shares outstanding for the quarter (125,269,903 and 318,739,501 shares, respectively).

16. NEW ACCOUNTING PRONOUNCEMENTS

In June 1999, Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133" was issued. This Statement delays the effective date of FASB Statement No. 133 for one year to fiscal years beginning after June 15, 2000. FASB Statement No. 133 standardizes the accounting for derivative instruments by requiring that an entity recognize those items as assets or liabilities and measure them at fair value. Adoption is not expected to have a material impact on the Company's financial position or results of operations.

SCHEDULE II

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
Years Ended December 31, 1999, 1998 and 1997
(Dollars in Millions)

	Balance at beginning of year	Charged to Costs and Expenses	Other (Deduct-ions) Additions	Balance at end of year
Year ended December 31, 1999:				
Applied against asset accounts:				
Allowance for doubtful accounts	$ 194.0	$ 191.9	$ (238.8)	$ 147.1
Valuation allowance- deferred tax assets	$ 14.5	$ (10.0)	$ --	$ 4.5
Year ended December 31, 1998:				
Applied against asset accounts:				
Allowance for doubtful accounts	$ 195.4	$ 164.7	$ (166.1)	$ 194.0
Valuation allowance- deferred tax assets	$ 42.0	$ (27.5)	$ --	$ 14.5
Year ended December 31, 1997:				
Applied against asset accounts:				
Allowance for doubtful accounts	$ 111.6	$ 311.5	$ (227.7)	$ 195.4
Valuation allowance- deferred tax assets	$ 32.0	$ 10.0	$ --	$ 42.0

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS (LOSS)
TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS
(DOLLARS IN MILLIONS)

EXHIBIT 12.1

	12/31/99	12/31/98	12/31/97
Earnings (loss) before provision for income taxes and extraordinary item	$ 105.5	$ 81.5	$ (161.3)
Add: Fixed Charges			
Interest expense (gross)	41.6	48.7	71.7
Interest factor in rents	22.3	22.5	22.6
Earnings (loss) as adjusted	$ 169.4	$ 152.7	$ (67.0)
Preferred dividend requirements	49.6	43.6	23.4
Divided by pre-tax factor	66.0%	66.0%	66.0%
Preferred dividend factor on a pre-tax basis	75.2	66.1	35.5
Fixed charges:			
Interest expense (gross)	41.6	48.7	71.7
Interest factor in rents	22.3	22.5	22.6
Combined fixed charges and preferred dividends	139.1	137.3	129.8
Ratio of earnings to combined fixed charges and preferred dividends	1.22	1.11	N/A
Amount by which earnings are insufficient to cover combined fixed charges and preferred dividends			$(196.8)

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
STATEMENT RE: COMPUTATION OF RATIO OF EARNINGS (LOSS)
TO COMBINED FIXED CHARGES AND PREFERRED DIVIDENDS
(DOLLARS IN MILLIONS)

EXHIBIT 12.1

	12/31/96	12/31/95
Earnings (loss) before provision for income taxes and extraordinary item	$ (188.3)	$ 3.1
Add: Fixed Charges		
Interest expense (gross)	71.7	65.5
Interest factor in rents	23.5	20.1
Earnings (loss) as adjusted	$ (93.1)	$ 88.7
Preferred dividend requirements divided by pre-tax factor	--	--
Preferred dividend factor on a pre-tax basis		
Fixed charges:		

Interest expense (gross)	71.7	65.5
Interest factor in rents	23.5	20.1
Combined fixed charges and preferred dividends	95.2	85.6
Ratio of earnings to combined fixed charges and preferred dividends	N/A	1.04
Amount by which earnings are insufficient to cover combined fixed charges and preferred dividends	(188.3)	

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
SUBSIDIARY LISTING

EXHIBIT 21

The following table sets forth the subsidiaries of Laboratory Corporation of America Holdings on December 31, 1999. The financial statements of all subsidiaries are included in the consolidated statements of Laboratory Corporation of America Holdings and Subsidiaries.

	Organized under the laws of the state of:
Laboratory Corporation of America	Delaware
Tower Collection Center, Inc.	Delaware
LabCorp Occupational Testing Services, Inc.	Tennessee
Executive Tower Travel, Inc.	Delaware
Lab Delivery Service of New York City, Inc.	New York
LabCorp Delaware, Inc.	Delaware
LabCorp Limited	United Kingdom
LabCorp Virco, b.v.b.a.	Belgium

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We herby consent to the incorporation by reference in the Registration Statement on Forms S-8 (No. 33-43006, No. 33-55065, No. 33-62913, No. 333-17793, No. 333-39731 and No. 333-39735) of Laboratory Corporation of America Holdings and Forms S-3/4 (No. 33-58307 and No. 33-58775) of National Health Laboratories Holdings, Inc. of our report dated February 12, 2000 relating to the financial statements and financial statement schedule, which appears in Laboratory Corporation of America Holdings Annual Report on Form 10-K for the year ended December 31, 1999.

PricewaterhouseCoopers LLP
Charlotte, North Carolina
March 15, 2000

EXHIBIT 24.1

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Bradford T. Smith his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, in connection with the Laboratory Corporation of America Holdings (the "Corporation") Annual Report on Form 10-K for the year ended December 31, 1999 under the Securities Exchange Act of 1934, as amended, including, without limiting the generality of the foregoing, to sign the Form 10-K in the name and on behalf of the Corporation or on behalf of the undersigned as a director or officer of the Corporation, and any amendments to the Form 10-K and any instrument, contract, document or other writing, of or in connection with the Form 10-K or amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, including this power of attorney, with the Securities and Exchange Commission and any applicable securities exchange or securities self-regulatory body, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed these presents this 10th day of March, 2000.

By:/s/ JEAN-LUC BELINGARD

Jean-Luc Belingard

EXHIBIT 24.2

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Bradford T. Smith his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, in connection with the Laboratory Corporation of America Holdings (the "Corporation") Annual Report on Form 10-K for the year ended December 31, 1999 under the Securities Exchange Act of 1934, as amended, including, without limiting the generality of the foregoing, to sign the Form 10-K in the name and on behalf of the Corporation or on behalf of the undersigned as a director or officer of the Corporation, and any amendments to the Form 10-K and any instrument, contract, document or other writing, of or in connection with the Form 10-K or amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, including this power of attorney, with the Securities and Exchange Commission and any applicable securities exchange or securities self-regulatory body, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed these presents this 2nd day of March, 2000.

By:/s/ WENDY E. LANE

Wendy E. Lane

EXHIBIT 24.3

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Bradford T. Smith his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, in connection with the Laboratory Corporation of America Holdings (the "Corporation") Annual Report on Form 10-K for the year ended December 31, 1999 under the Securities Exchange Act of 1934, as amended, including, without limiting the generality of the foregoing, to sign the Form 10-K in the name and on behalf of the Corporation or on behalf of the undersigned as a director or officer of the Corporation, and any amendments to the Form 10-K and any instrument, contract, document or other writing, of or in connection with the Form 10-K or amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, including this power of attorney, with the Securities and Exchange Commission and any applicable securities exchange or securities self-regulatory body, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed these presents this 1st day of March, 2000.

By: /s/ ROBERT E. MITTELSTAEDT

Robert E. Mittelstaedt

EXHIBIT 24.4

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Bradford T. Smith his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, in connection with the Laboratory Corporation of America Holdings (the "Corporation") Annual Report on Form 10-K for the year ended December 31, 1999 under the Securities Exchange Act of 1934, as amended, including, without limiting the generality of the foregoing, to sign the Form 10-K in the name and on behalf of the Corporation or on behalf of the undersigned as a director or officer of the Corporation, and any amendments to the Form 10-K and any instrument, contract, document or other writing, of or in connection with the Form 10-K or amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, including this power of attorney, with the Securities and Exchange Commission and any applicable securities exchange or securities self-regulatory body, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed these presents this 1st day of March, 2000.

By:/s/ JAMES B. POWELL, MD

James B. Powell, MD

EXHIBIT 24.5

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Bradford T. Smith his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, in connection with the Laboratory Corporation of America Holdings (the "Corporation") Annual Report on Form 10-K for the year ended December 31, 1999 under the Securities Exchange Act of 1934, as amended, including, without limiting the generality of the foregoing, to sign the Form 10-K in the name and on behalf of the Corporation or on behalf of the undersigned as a director or officer of the Corporation, and any amendments to the Form 10-K and any instrument, contract, document or other writing, of or in connection with the Form 10-K or amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, including this power of attorney, with the Securities and Exchange Commission and any applicable securities exchange or securities self-regulatory body, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed these presents this 1st day of March, 2000.

By:/s/ DAVID B. SKINNER, MD

David B. Skinner, MD

EXHIBIT 24.6

POWER OF ATTORNEY

KNOWN ALL MEN BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Bradford T. Smith his true and lawful attorney-in-fact and agent, with full power of substitution, for him and in his name, place and stead, in any and all capacities, in connection with the Laboratory Corporation of America Holdings (the "Corporation") Annual Report on Form 10-K for the year ended December 31, 1999 under the Securities Exchange Act of 1934, as amended, including, without limiting the generality of the foregoing, to sign the Form 10-K in the name and on behalf of the Corporation or on behalf of the undersigned as a director or officer of the Corporation, and any amendments to the Form 10-K and any instrument, contract, document or other writing, of or in connection with the Form 10-K or amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, including this power of attorney, with the Securities and Exchange Commission and any applicable securities exchange or securities self-regulatory body, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, each acting alone, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has signed these presents this 1st day of March, 2000.

By:/s/ ANDREW G. WALLACE, MD

Andrew G. Wallace, MD

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS AND STATEMENT OF EARNINGS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000920148
LABORATORY CORPORATION OF AMERICA HOLDINGS
1000

YEAR	
DEC-31-1999	
DEC-31-1999	
	40,300
	0
	495,100
	147,100
	29,100
	499,500
	527,100
	253,900
	1,590,200
	245,600
	478,400
	558,700
	0
	1,300
	174,200
	1,590,200
	1,698,700
	1,698,700
	1,069,600
	1,069,600
	479,400
	0
	41,600
	105,500
	(40,100)
	65,400
	0
	0
	0
	65,400
	0.12
	0.12