UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 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)	(IRS Employer Identification No.)

358 South Main Street, Burlington, North Carolina 27215
(Address of principal executive offices) (Zip code)

(336) 229-1127
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

The number of shares outstanding of the issuer's common stock is 126,254,500 shares as of April 30, 1999, of which 61,329,256 shares are held by indirect wholly owned subsidiaries of Roche Holding Ltd.

The number of warrants outstanding to purchase shares of the issuer's common stock is 22,151,308 as of April 30, 1999, of which 8,325,000 are held by an indirect wholly owned subsidiary of Roche Holding Ltd.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	March 31, 1999	December 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16.3	$ 22.7
Accounts receivable, net	383.6	375.4
Inventories	30.4	30.7
Prepaid expenses and other	15.8	12.3
Deferred income taxes	79.5	78.0
Total current assets	525.6	519.1
Property, plant and equipment, net	260.5	259.1
Intangible assets, net	827.4	836.2
Other assets, net	24.9	26.5
	$1,638.4	$1,640.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 43.4	$ 50.2
Accrued expenses and other	139.2	128.7
Current portion of long-term debt	83.3	72.5
Total current liabilities	265.9	251.4
Long-term debt, less current portion	548.9	571.3
Capital lease obligations	3.8	4.2
Other liabilities	128.4	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 March 31, 1999 and December 31, 1998 (aggregate preference value of $218.2 at March 31, 1999 and December 31, 1998)	213.1	213.0
Series B 8 1/2% Convertible Pay-in-Kind Preferred Stock, $0.10 par value, 6,545,752 and 6,409,548 shares issued and outstanding at March 31, 1999 and December 31, 1998, respectively (aggregate preference value of $327.3 and $320.5, respectively)	320.2	313.8
Shareholders' equity:		
Common stock, $0.01 par value; 520,000,000 shares authorized; 126,254,500 and 125,280,346 shares issued and outstanding at March 31, 1999 and December 31, 1998, respectively	1.2	1.2
Additional paid-in capital	417.0	415.7
Accumulated deficit	(257.6)	(260.5)
Accumulated other comprehensive income	(2.5)	(2.0)
Total shareholders' equity	158.1	154.4
	$1,638.4	$1,640.9

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

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

	Three Months Ended March 31, 1999	1998
Net sales	$ 417.9	$ 387.7
Cost of sales	266.5	255.7
Gross profit	151.4	132.0
Selling, general and administrative expenses	109.1	95.0
Amortization of intangibles and other assets	7.9	7.6
Operating income	34.4	29.4
Other income (expenses):		
Gain (loss) on sale of assets	(1.2)	2.0
Investment income	0.1	0.3
Interest expense	(10.5)	(12.9)
Earnings before income taxes	22.8	18.8
Provision for income taxes	8.7	9.5
Net income	14.1	9.3
Less preferred stock dividends	(11.0)	(11.0)
Less accretion of mandatorily redeemable preferred stock	(0.2)	(0.2)
Net income (loss) attributable to common shareholders	$ 2.9	$ (1.9)
Basic and diluted income (loss) per common share	$ 0.02	$ (0.01)

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

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

	Three Months Ended March 31,	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 14.1	$ 9.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21.2	21.3
Net (gains) losses on sale of assets	1.2	(2.0)
Deferred income taxes	(4.0)	1.5
Change in assets and liabilities:		
Net decrease in restructuring reserves	(1.3)	(2.1)
Increase in accounts receivable, net	(8.2)	(13.3)
Decrease in inventories	0.3	5.6
Increase in prepaid expenses and other	(3.0)	(1.5)
Change in income taxes receivable	--	6.3
Increase (decrease) in accounts payable	(6.8)	3.9
Increase (decrease) in accrued expenses and other	11.6	(1.1)
Other, net	--	0.5
Net cash provided by operating activities	25.1	28.4
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(15.5)	(17.1)
Proceeds from sale of assets	0.1	11.0
Refund of lease guaranty	--	8.0
Net cash provided by (used for) investing activities	(15.4)	1.9

(continued)

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

	Three Months Ended March 31, 1999	1998
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on revolving credit facilities	$ --	$ (30.0)
Payments on long-term debt	(11.6)	--
Payments on long-term lease obligation	(0.4)	(0.5)
Deferred payments on acquisitions	(0.8)	(1.4)
Payment of preferred stock dividends	(4.6)	(4.6)
Net proceeds from issuance of stock to employee stock plan	1.3	1.6
Net cash used for financing activities	(16.1)	(34.9)
Net decrease in cash and cash equivalents	(6.4)	(4.6)
Cash and cash equivalents at beginning of period	22.7	23.3
Cash and cash equivalents at end of period	$ 16.3	$ 18.7
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	$(13.3)	$(10.3)
Income taxes, net of refunds	(3.4)	(2.4)
Disclosure of non-cash financing and investing activities:		
Preferred stock dividends	6.4	6.4
Accretion of mandatorily redeemable preferred stock	0.2	0.2
Unrealized loss on securities available-for-sale (net of tax)	(0.5)	--

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

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

	Common Stock	Additional Paid-in Capital	Accumulated Deficit
PERIOD ENDED MARCH 31, 1998			
Balance at beginning of year	$ 1.2	$ 412.8	$ (284.9)
Comprehensive income:			
Net income	--	--	9.3
Comprehensive income	--	--	9.3
Issuance of common stock	--	1.6	--
Preferred stock dividends	--	--	(11.0)
Accretion of mandatorily redeemable preferred stock	--	--	(0.2)
BALANCE AT MARCH 31, 1998	$ 1.2	$ 414.4	$ (286.8)
PERIOD ENDED MARCH 31, 1999			
Balance at beginning of year	$ 1.2	$ 415.7	$ (260.5)
Comprehensive income:			
Net income	--	--	14.1
Other comprehensive income:			
Unrealized loss on securities, net of tax	--	--	--
Comprehensive income	--	--	14.1
Issuance of common stock	--	1.3	--
Preferred stock dividends	--	--	(11.0)
Accretion of mandatorily redeemable preferred stock	--	--	(0.2)
BALANCE AT MARCH 31, 1999	$ 1.2	$ 417.0	$ (257.6)

	Accumulated Other Comprehensive Income	Total Shareholders' Equity
PERIOD ENDED MARCH 31, 1998		
Balance at beginning of year	$ --	$ 129.1
Comprehensive income:		
Net income	--	9.3
Comprehensive income	--	9.3
Issuance of common stock	--	1.6
Preferred stock dividends	--	(11.0)
Accretion of mandatorily redeemable preferred stock	--	(0.2)
BALANCE AT MARCH 31, 1998	$ --	$ 128.8
PERIOD ENDED MARCH 31, 1999		
Balance at beginning of year	$ (2.0)	$ 154.4
Comprehensive income:		
Net income	--	14.1
Other comprehensive income:		
Unrealized loss on securities, net of tax	(0.5)	(0.5)
Comprehensive income	(0.5)	13.6
Issuance of common stock	--	1.3
Preferred stock dividends	--	(11.0)
Accretion of mandatorily redeemable preferred stock	--	(0.2)
BALANCE AT MARCH 31, 1999	$ (2.5)	$ 158.1

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

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

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

The condensed consolidated financial statements include the accounts of Laboratory Corporation of America Holdings and its wholly owned subsidiaries (the "Company") after elimination of all material intercompany accounts and transactions.

The accompanying condensed consolidated financial statements of the Company are unaudited. In the opinion of management, all adjustments (which include only normal recurring accruals) necessary for a fair presentation of such financial statements have been included. Interim results are not necessarily indicative of results for a full year.

The financial statements and notes are presented in accordance with the rules and regulations of the Securities and Exchange Commission and do not contain certain information included in the Company's annual report. Therefore, the interim statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's annual report.

2. RECLASSIFICATIONS

In 1999, the Company reclassified $14.7 for the quarter ended March 31, 1998 to selling, general and administrative expenses from net sales adjustments to be consistent with the 1999 classification. The reclassification had no effect on operating income.

3. EARNINGS PER SHARE

Basic and diluted earnings (loss) per share are based upon the weighted average number of shares outstanding during the three months ended March 31, 1999 and 1998 of 126,139,466 shares and 124,397,655 shares, respectively.

The effect of conversion of the Company's redeemable preferred stock, or exercise 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 applicable periods presented.

4. RESTRUCTURING CHARGES

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

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

	Severance costs	Asset revaluations and write-offs	Lease and other facility obligations	Total
Balance at December 31, 1998	$ 2.5	$ 3.5	$ 27.0	$ 33.0
Cash payments	(0.2)	--	(1.1)	(1.3)
Balance at March 31, 1999	$ 2.3	$ 3.5	$ 25.9	$ 31.7
Current				$ 16.6
Non-current				15.1
				$ 31.7

5. ACCUMULATED OTHER COMPREHENSIVE INCOME

At March 31, 1999, the Company recorded an unrealized loss on its shares of Universal Standard Healthcare, Inc. of $0.5, net of related deferred tax benefit of $0.3.

6. INTEREST RATE SWAP

The existing rate collar transaction and swap have effectively changed the interest exposure on $500.0 of floating rate debt to a weighted average fixed interest rate of 6.04%. The notional amounts of the agreements are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss.

7. COMMITMENTS AND CONTINGENCIES

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 certain 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 certain claims and legal actions arising in the ordinary course of business. These matters include, but are not limited to, 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.

8. NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. This Statement is effective for fiscal years beginning after June 15, 1999, and 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.

OVERVIEW

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In addition, from time to time, the Company or its representatives have made or may make forward-looking statements, orally or in writing. Such forward-looking statements may be included in, but are not limited to, various filings made by the Company with the Securities and Exchange Commission, press releases or oral statements made by or with the approval of an authorized executive officer of the Company. Actual results could differ materially from those projected or suggested in any forward-looking statements as a result of a wide variety of factors and conditions, which have been described in the section of the Company's Annual Report on Form 10-K for the year ended December 31, 1998, entitled, "Cautionary Statement for Purposes of the `Safe Harbor' Provisions of the Private Securities Litigation Reform Act of 1995" and other documents the Company files from time to time with the Securities and Exchange Commission including the Company's quarterly reports on Form 10-Q and current reports on Form 8-K, and shareholders are specifically referred to these documents with regard to factors and conditions that may affect future results.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1999 COMPARED WITH THREE MONTHS ENDED MARCH 31, 1998.

Net sales for the three months ended March 31, 1999 were $417.9, an increase of approximately 7.8% from $387.7 for the comparable 1998 period. The sales increase is a result of a 4.4% increase in price and a 3.4% increase in testing volume resulting from continued

momentum achieved by appropriate pricing and focusing on growing the base business as well as growing the specialized testing businesses (such as genotyping and phenotyping, which is critically important for the treatment of HIV/AIDS patients). Sales for the first quarter of 1999 were impacted by 2.8% by the three acquisitions made in 1998 (Universal Standard Healthcare, Inc., Medlab and Coastal Medical).

Cost of sales, which includes primarily laboratory and distribution costs, was $266.5 for the three months ended March 31, 1999 compared to $255.7 in the corresponding 1998 period, an increase of $10.8. Cost of sales increased $8.5 due to the increase in volume, $5.5 due to an increase in salaries and benefits and $2.3 primarily relating to testing supplies and consulting fees. These increases were partially offset by decreases totaling $5.3 in telephone, insurance, depreciation and freight expenses. Cost of sales as a percentage of net sales was 63.8% for the three months ended March 31, 1999 and 66.0% in the corresponding 1998 period. The decrease in the cost of sales percentage of net sales primarily resulted from the Company's continued cost reduction efforts.

Selling, general and administrative expenses increased to $109.1 for the three months ended March 31, 1999 from $95.0 in the same period in 1998. The primary reason for the increase is due to an increase to bad debt expense. Bad debt expense increased $10.9 as a result of delays in payments from several large managed care and hospital payors in certain regions of the country. See "Liquidity and Capital Resources." As a percentage of net sales, selling, general and administrative expenses were 26.1% and 24.5% for the three months ended March 31, 1999 and 1998, respectively. The increase in the selling, general and administrative percentage primarily resulted from the bad debt increase as noted above as well as slight increases in marketing and consulting fees.

The amortization of intangibles and other assets was $7.9 and $7.6 for the three months ended March 31, 1999 and 1998, respectively.

Net interest expense was $10.4 for the three months ended March 31, 1999 compared with $12.6 for the same period in 1998. As previously discussed, the interest rate that the Company pays on its debt is linked to the Company's financial performance. As of September 30, 1998, the interest rate that the Company pays on its long term debt has been reduced from LIBOR plus 1.0% to LIBOR plus 0.5%. This decrease, along with the reduction of outstanding indebtedness and the general decline in interest rates over the past year, has reduced the Company's interest by $2.2.

The provision for income taxes as a percentage of earnings before taxes was 38.2% for the three months ended March 31, 1999 compared to 50.5% for the three months ended March 31, 1998. During the three months ended March 31, 1999, the Company reduced its valuation allowance applied against its deferred tax assets by $2.5, thereby reducing its provision for income taxes as a percentage of earnings before taxes.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $25.1 and $28.4 for the three months ended March 31, 1999 and March 31, 1998, respectively. The decrease in cash flow from operations primarily resulted from a decrease in accounts payable, changes in income taxes, an increase in inventories, and an increase in accounts receivable, partially offset by improved earnings and an increase in accrued expenses. Capital expenditures were $15.5 and $17.1 for the first three months of 1999 and 1998, respectively.

The Company made a scheduled loan payment of $11.6 on its Amended Term Loan Facility on March 31, 1999 and in addition, the Company made a special payment on its Amended Term Loan Facility on April 15, 1999 of $25.3, based on a contractual formula contained in the Amended Credit Agreement.

The Company's days sales outstanding (DSO) at March 31, 1999 was 83 days, level with the end of the year 1998. The Company is focusing on reducing its DSO through the conversion of the entire Company to a single, centralized billing system. The Company expects to be fully converted to the new billing system by the end of the year 2000.

For a discussion of legal proceedings which may impact the Company's liquidity and capital resources see "Note 7 to the Company's Unaudited Condensed Consolidated Financial Statements".

Cash and cash equivalents on hand, cash flows from operations and additional borrowing capabilities under the Amended Revolving Credit Facility are expected to be sufficient to meet anticipated operating requirements and provide funds for capital expenditures, potential acquisitions and working capital for the foreseeable future.

YEAR 2000 UPDATE

During the first quarter of 1999, the Company has spent approximately $1.5 specifically related to the Year 2000 project and estimates an additional $20.0 of Year 2000 expenditures during 1999. The Company is in the remediation phase of its Year 2000 project work plan and is on schedule with all major components of that plan.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See "Note 7 to the Company's Unaudited Condensed Consolidated Financial Statements" for the three months ended March 31, 1999.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

27 Financial Data Schedule (electronically filed version only).

(b) Reports on Form 8-K

(1) A current report on Form 8-K dated February 22, 1999 was filed on March 29, 1999, by the registrant, in connection with the press release dated February 22, 1999 announcing operating results of the Company for the three and twelve month periods ended December 31, 1998.

(2) A current report on Form 8-K dated February 24, 1999 was filed on March 29, 1999, by the registrant, in connection with the press release dated February 24, 1999 announcing that it has signed a long-term, multi-year contract with Compliance Software, located in Salt Lake City, Utah, to provide the Company and its corporate clients with new drug testing software developed by Compliance Software.

(3) A current report on Form 8-K dated March 17, 1999 was filed on March 29, 1999, by the registrant, in connection with the press release dated March 17, 1999 announcing that its Board of Directors declared dividends on the Company's 8 1/2% Series A Convertible Exchangeable Preferred Stock and the Company's 8 1/2% Series B Convertible Pay-in-Kind Preferred Stock.

(4) A current report on Form 8-K dated March 30, 1999 was filed on May 7, 1999, by the registrant, in connection with the press release dated March 30, 1999 announcing the termination of its August 3, 1998 laboratory services agreement with Universal Standard Healthcare of Michigan, Inc.

(5) A current report on Form 8-K dated April 7, 1999 was filed on May 7, 1999, by the registrant, in connection with the press release dated April 7, 1999 announcing that it reached an agreement with Universal Standard Healthcare of Michigan, Inc. (Universal), for the Company to continue providing laboratory services for Universal and its customers, and an earlier notice of termination of services by the Company was rescinded, effective April 7, 1999.

(6) A current report on Form 8-K dated April 19, 1999 was filed on May 7, 1999, by the registrant, in connection with the press release dated April 19, 1999 announcing that along with PCS Health Systems, which is the nations largest pharmaceutical care management company, the Company will jointly provide laboratory benefits to the approximately 1 million members of the Mail Handlers Benefit Plan.

(7) A current report on Form 8-K dated April 22, 1999 was filed on May 7, 1999, by the registrant, in connection with the press release dated April 22, 1999 announcing operating results of the Company for the quarter ended March 31, 1999.

S I G N A T U R E S

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

LABORATORY CORPORATION OF AMERICA HOLDINGS
Registrant

By:/s/ THOMAS P. MAC MAHON

Thomas P. Mac Mahon
Chairman, President and Chief
Executive Officer

By:/s/ WESLEY R. ELINGBURG

Wesley R. Elingburg
Executive Vice President, Chief
Financial Officer and Treasurer
(Principal Financial Officer and
Principal Accounting Officer)

Date: May 13, 1999

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JAN-01-1999
MAR-31-1999
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