

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

FORM 8-K

CURRENT REPORT

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

April 25, 2006
(Date of earliest event reported)

**LABORATORY CORPORATION OF
AMERICA HOLDINGS**

(Exact Name of Registrant as Specified in its Charter)

DELAWARE

(State or other jurisdiction
of Incorporation)

1-11353

(Commission
File Number)

13-3757370

(I.R.S. Employer
Identification No.)

**358 SOUTH MAIN STREET,
BURLINGTON, NORTH CAROLINA**

(Address of principal executive offices)

27215

(Zip Code)

336-229-1127

(Registrant's telephone number including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. Results of Operations and Financial Condition

On April 25, 2006, Laboratory Corporation of America[®] Holdings (LabCorp[®])(NYSE:LH) issued a press release announcing its results for the quarter ended March 31, 2006. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

Exhibits

99.1 Press Release dated April 25, 2006

SIGNATURES

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

Laboratory Corporation of America Holdings
(Registrant)

Date: April 25, 2006

By: /s/Bradford T. Smith
Bradford T. Smith, Executive Vice President
and Secretary

Laboratory Corporation of America® Holdings
358 South Main Street
Burlington, NC 27215
Telephone:(336) 584-5171

FOR IMMEDIATE RELEASE

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**LABORATORY CORPORATION OF AMERICA® HOLDINGS
ANNOUNCES 2006 FIRST QUARTER RESULTS**

Revenue Growth of 9.9% Drives Operating Cash Flow of \$178.6 Million

Burlington, NC, April 25, 2006 — Laboratory Corporation of America® Holdings (LabCorp®) (NYSE: LH) today announced results for the first quarter ended March 31, 2006.

Net earnings increased 5.5% to \$101.9 million, compared to first quarter 2005 net earnings of \$96.6 million. Earnings per diluted share (EPS) increased 13.4% to \$0.76, compared to \$0.67 per diluted share in the first quarter of 2005. Earnings before interest, taxes, depreciation, and amortization (EBITDA) were \$223.8 million for the quarter, or 25.5% of net sales. Excluding the impact of the required change in accounting for stock based compensation, net earnings increased 9.0% to \$105.3 million, EPS increased 16.4% to \$0.78 per diluted share, and EBITDA was \$229.6 million, or 26.1% of net sales.

Revenues for the quarter were \$878.5 million, an increase of 9.9% compared to the same period in 2005. Compared to the first quarter of 2005, testing volume, measured by accessions, increased 4.6%, and price increased 5.3%.

During the quarter, the Company repurchased \$185.1 million of stock, representing approximately 3.3 million shares. Operating cash flow for the quarter was \$178.6 million. The balance of cash and short-term investments at the end of the quarter was \$71.4 million, and there were no outstanding borrowings under the Company's revolving line of credit.

— more —

“We are off to a solid start in 2006 and are particularly pleased with volume and price trends and key financial indicators such as EPS and operating cash flow,” said Thomas P. Mac Mahon, Chairman and Chief Executive Officer. “Actions taken in 2005 to profitably grow the Company through expansion of our managed care relationships, and through acquisitions in key esoteric testing markets, have positioned us well for continued growth in 2006 and beyond.”

Outlook For 2006

The Company is reiterating guidance for 2006, originally issued on February 16, 2006. Excluding the impact of the required change in accounting for share based compensation and any share repurchase activity after March 31, 2006, the Company expects revenue growth of 6.5% to 7.5%, EBITDA margins of approximately 26.0% to 26.5%, diluted earnings per share of between \$3.15 and \$3.25, operating cash flow of approximately \$600 million to \$620 million, capital expenditures of approximately \$100 million to \$115 million, interest expense of approximately \$47 million, and a bad debt rate of approximately 5.3% of sales. The Company estimates that the implementation of the required change in accounting for stock based compensation will have an EBITDA impact of approximately \$22 million to \$23 million and an EPS impact of approximately \$0.10 per diluted share.

The Company today is filing an 8-K that will include additional information on its business and operations, including financial guidance for 2006. This information will also be available on the Company’s Web site. Analysts and investors are directed to this 8-K and the Web site to review this supplemental information.

A conference call discussing LabCorp’s quarterly results will be held today at 9:00 a.m. Eastern Time and is available in a listen-only mode by dialing 212-896-6169. A telephone replay of the call will be available through May 2, 2006 and can be heard by dialing 800-633-8284 (402-977-9140 for international callers). The access code for the replay is 212-87-854. A live online broadcast of LabCorp’s quarterly conference call on April 25, 2006 will be available at www.labcorp.com or at www.streetevents.com beginning at 9:00 a.m. Eastern Time. This webcast will be archived and accessible continuing through May 25, 2006.

Laboratory Corporation of America® Holdings, an S&P 500 company, is a pioneer in commercializing new diagnostic technologies and the first in its industry to embrace genomic testing. With annual revenues of \$3.3 billion in 2005, approximately 24,000 employees nationwide, and more

than 220,000 clients, LabCorp offers clinical assays ranging from routine blood analyses to HIV and genomic testing. LabCorp combines its expertise in innovative clinical testing technology with its Centers of Excellence: The Center for Molecular Biology and Pathology, in Research Triangle Park, NC; National Genetics Institute, Inc. in Los Angeles, CA; ViroMed Laboratories, Inc. based in Minneapolis, MN; The Center for Esoteric Testing in Burlington, NC; DIANON Systems, Inc. based in Stratford, CT, US LABS based in Irvine, CA, and Esoterix and its Colorado Coagulation, Endocrine Sciences, and Cytometry Associates laboratories. LabCorp clients include physicians, government agencies, managed care organizations, hospitals, clinical labs, and pharmaceutical companies. To learn more about our growing organization, visit our web site at: www.LabCorp.com.

Each of the above forward-looking statements is subject to change based on various important factors, including without limitation, competitive actions in the marketplace and adverse actions of governmental and other third-party payors. Actual results could differ materially from those suggested by these forward-looking statements. Further information on potential factors that could affect LabCorp's financial results is included in the Company's Form 10-K for the year ended December 31, 2005 and subsequent SEC filings.

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— Tables to Follow —

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LABORATORY CORPORATION OF AMERICA HOLDINGS
Consolidated Statements of Operations
(in millions, except per share data)

	Three Months Ended March 31,	
	2006	2005
Net sales	\$878.5	\$799.1
Cost of sales	505.8	460.8
Selling, general and administrative	190.9	168.6
Amortization of intangibles and other assets	13.0	12.1
Operating income	<u>168.8</u>	<u>157.6</u>
Other income (expense)	(0.6)	(0.4)
Investment income	0.4	0.5
Interest expense	(11.9)	(8.5)
Income from joint venture partnerships	15.4	13.7
Earnings before income taxes	<u>172.1</u>	<u>162.9</u>
Provision for income taxes	70.2	66.3
Net earnings	<u>\$101.9</u>	<u>\$ 96.6</u>
Add: Impact of adoption of SFAS 123(R)	<u>3.4</u>	<u>--</u>
Net earnings, excluding impact of change in accounting	<u>\$105.3</u>	<u>\$ 96.6</u>
<u>Diluted earnings per common share:</u>		
Net earnings	<u>\$ 0.76</u>	<u>\$ 0.67</u>
Add: Impact of adoption of SFAS 123(R)	<u>\$ 0.02</u>	<u>\$ --</u>
Net earnings, excluding impact of change in accounting	<u>\$ 0.78</u>	<u>\$ 0.67</u>
Weighted average shares outstanding	<u>136.8</u>	<u>146.2</u>
EBITDA	\$223.8	\$207.5
Add: Impact of adoption of SFAS 123(R)	<u>5.8</u>	<u>--</u>
EBITDA, excluding impact of change in accounting	<u>\$229.6</u>	<u>\$207.5</u>

LABORATORY CORPORATION OF AMERICA HOLDINGS
Consolidated Balance Sheets
(in millions, except per share data)

	March 31, 2006	December 31, 2005
Cash and short-term investments	\$ 71.4	\$ 63.1
Accounts receivable, net	522.2	493.4
Property, plant and equipment	376.4	381.5
Intangible assets and goodwill, net	2,110.3	2,122.7
Investments in joint venture partnerships	580.3	578.9
Other assets	224.2	236.2
	<u>\$ 3,884.8</u>	<u>\$ 3,875.8</u>
Zero coupon-subordinated notes	547.1	544.4
5 1/2% senior notes due 2013	352.9	353.0
5 5/8% senior notes due 2015	250.0	250.0
Other liabilities	865.8	842.7
Shareholders' equity	1,869.0	1,885.7
	<u>\$ 3,884.8</u>	<u>\$ 3,875.8</u>

Consolidated Statement of Cash Flow Data
(in millions, except per share data)

	March 31, 2006	December 31, 2005
Net cash provided by operating activities	\$ 178.6	\$ 154.5
Net cash used for investing activities	(52.0)	(71.2)
Net cash used for financing activities	(147.0)	(99.3)
Effect of exchange rates on cash	0.2	(0.6)
	<u>(20.2)</u>	<u>(16.6)</u>
Net increase (decrease) in cash	45.4	47.6
Cash at beginning of quarter	<u>\$ 25.2</u>	<u>\$ 31.0</u>
Cash at ending of quarter	<u>\$ 25.2</u>	<u>\$ 31.0</u>
Free Cash Flow:		
Net provided by operating activities	\$ 178.6	\$ 154.5
Less: Capital Expenditures	(20.8)	(25.5)
Free cash flow	<u>\$ 157.8</u>	<u>\$ 129.0</u>

- 1) EBITDA represents earnings before interest, income taxes, depreciation, amortization, and nonrecurring charges, and includes the Company's proportional share of the underlying EBITDA of the income from joint venture partnerships. The Company uses EBITDA extensively as an internal management performance measure and believes it is a useful, and commonly used measure of financial performance in addition to earnings before taxes and other profitability measurements under generally accepted accounting principles ("GAAP"). EBITDA is not a measure of financial performance under GAAP. It should not be considered as an alternative to earnings before income taxes (or any other performance measure under GAAP) as a measure of performance or to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. The following table reconciles earnings before income taxes, representing the most comparable measure under GAAP, to EBITDA for the three-month periods ended March 31, 2006 and 2005:

	Three Months Ended March 31,	
	2006	2005
Earnings before income taxes	\$ 172.1	\$ 162.9
Add(subtract):		
Interest expense	11.9	8.5
Investment income	(0.4)	(0.5)
Other(income)expense, net	0.6	0.4
Depreciation	25.3	23.2
Amortization	13.0	12.1
Joint venture partnerships' depreciation and amortization	1.3	0.9
EBITDA	\$ 223.8	\$ 207.5

- 2) Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment ("SFAS 123(R)"), which requires the Company to measure the cost of employee services received in exchange for all equity awards granted, based on the fair market value of the award as of the grant date. SFAS 123(R) supersedes Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation and Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB 25"). The Company has adopted SFAS 123(R) using the modified prospective application method of adoption which requires the Company to record compensation cost related to unvested stock awards as of December 31, 2005 by recognizing the unamortized grant date fair value of these awards over the remaining service periods of those awards with no change in historical reported earnings. Awards granted after December 31, 2005 are valued at fair value in accordance with provisions of SFAS 123(R) and recognized on a straight line basis over the service periods of each award. The Company estimated forfeiture rates for the first quarter of 2006 based on its historical experience.

Prior to 2006, the Company accounted for stock-based compensation in accordance with APB 25 using the intrinsic value method, which did not require that compensation cost be recognized for the Company's stock options provided the option exercise price was established at the common stock fair market value on the date of grant. Under APB 25, the Company was required to record expense over the vesting period for the value of restricted

stock and performance share awards. Prior to 2006, the Company provided pro forma disclosure amounts in accordance with SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" (SFAS No. 148), as if the fair value method defined by SFAS No. 123 had been applied to its stock-based compensation. The Company's net income and net income per share for the three months ended March 31, 2005 would have been reduced if compensation cost related to stock options had been recorded in the financial statements based on fair value at the grant dates.

As a result of adopting SFAS 123(R), the Company recorded approximately \$5.8 million in stock compensation expense relating to its stock option and employee stock purchase plans. Net earnings for the three months ended March 31, 2006, were reduced by \$3.4 million, net of tax. The incremental impact of adopting SFAS 123(R) on diluted earnings per share for the three months ended March 31, 2006 was \$0.02 per share (e.g., \$3.4 million divided by 136.8 million shares).

