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, 1998

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 124,506,673 shares as of April 17, 1998, 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 17, 1998, 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, 1998	DECEMBER 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 18.7	$ 23.3
Accounts receivable, net	342.2	330.6
Inventories	30.2	36.0
Prepaid expenses and other	18.4	16.9
Deferred income taxes	110.9	112.0
Income taxes receivable	2.5	8.8
Total current assets	522.9	527.6
Property, plant and equipment, net	257.8	254.9
Intangible assets, net	838.4	851.3
Other assets, net	15.5	24.7
	$1,634.6	$1,658.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 59.8	$ 55.9
Accrued expenses and other	137.2	140.7
Current portion of long-term debt	11.6	--
Total current liabilities	208.6	196.6
Revolving credit facility	10.0	40.0
Long-term debt, less current portion	632.2	643.8
Capital lease obligation	5.3	5.8
Other liabilities	142.3	142.3
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, 4,363,202 shares issued and outstanding at March 31, 1998 and December 31, 1997 (aggregate preference value of $218.2)	212.7	212.6
Series B 8 1/2% Convertible Pay-in-Kind Preferred Stock, $0.10 par value, 6,017,712 and 5,892,495 shares issued and outstanding at March 31, 1998 and December 31, 1997 respectively (aggregate preference value of $300.9)	294.7	288.3
Shareholders' equity:		
Common stock, $0.01 par value; 520,000,000 shares authorized; 124,506,673 and 123,542,614 shares issued and outstanding at December 31, 1998 and 1997, respectively	1.2	1.2
Additional paid-in capital	414.4	412.8
Accumulated deficit	(286.8)	(284.9)
Total shareholders' equity	128.8	129.1
	$1,634.6	$1,658.5

The accompanying notes are an integral part of these 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, 1998	1997
Net sales	$ 373.0	$ 391.5
Cost of sales	255.7	277.2
Gross profit	117.3	114.3
Selling, general and administrative expenses	80.3	78.9
Amortization of intangibles and other assets	7.6	7.6
Operating income	29.4	27.8
Other income (expenses):		
Gain on sale of assets	2.0	--
Investment income	0.3	0.8
Interest expense	(12.9)	(22.7)
Earnings before income taxes	18.8	5.9
Provision for income taxes	9.5	3.5
Net earnings	9.3	2.4
Less preferred stock dividends	(11.0)	--
Less accretion of mandatorily redeemable preferred stock	(0.2)	--
Net earnings (loss) attributable to common shareholders	$ (1.9)	$ 2.4
Basic and diluted earnings (loss) per common share	$ (0.01)	$ 0.02

The accompanying notes are an integral part of these 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,	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 9.3	$ 2.4
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Restructuring and non-recurring charges, net of payments	(2.1)	(5.7)
Net gain on disposals	(2.0)	(0.6)
Depreciation and amortization	21.3	21.9
Deferred income taxes, net	1.5	2.0
Change in assets and liabilities, net of effects of acquisitions:		
Increase in accounts receivable, net	(13.3)	(13.6)
Decrease in inventories	5.6	1.2
Increase in prepaid expenses and other	(1.5)	(0.8)
Change in income taxes receivable/payable, net	6.3	1.2
Increase(decrease)in accounts payable	3.9	(1.7)
Increase (decrease)in accrued expenses and other	(1.1)	8.8
Other, net	--	(5.3)
Net cash provided by operating activities	27.9	9.8
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(17.1)	(3.1)
Proceeds from sale of assets	11.0	0.6
Refund of lease guaranty	8.0	--
Net cash provided by (used for) for investing activities	1.9	(2.5)

(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, 1998	THREE MONTHS ENDED MARCH 31, 1997
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facilities	$ --	$ 25.0
Payments on revolving credit facilities	(30.0)	(12.0)
Payments on long-term debt	--	(18.7)
Deferred payments on acquisitions	(1.4)	(1.4)
Payment of preferred stock dividends	(4.6)	--
Cash received for issuance of common stock	1.6	--
Net cash used for financing activities	(34.4)	(7.1)
Net increase (decrease) in cash and cash equivalents	(4.6)	0.2
Cash and cash equivalents at beginning of period	23.3	29.3
Cash and cash equivalents at end of period	$ 18.7	$ 29.5
Supplemental schedule of cash flow information:		
Cash (paid) received during the year for:		
Interest	$(10.3)	$(19.3)
Income taxes, net of refunds	(2.4)	1.8
Disclosure of non-cash financing and investing activities:		
Preferred stock dividends	6.4	--
Accretion of mandatorily redeemable preferred stock	0.2	--

The accompanying notes are an integral part of these 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 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 condensed consolidated financial statements are unaudited. In the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Adjustments consisted only of normal recurring items, except the one-time gain on the sale of assets as discussed in Note 4. Interim results are not necessarily indicative of results for a full year.

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

2. EARNINGS PER SHARE

Basic and diluted earnings (loss) per share are based upon the weighted average number of shares outstanding during the three months ended March 31, 1998 and 1997 of 124,397,655 shares and 122,935,080 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.

3. RESTRUCTURING CHARGES

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

	Severance costs	Asset revaluations and write-offs	Lease and other facility obligations	Total
Balance at December 31, 1997	3.7	4.0	30.9	38.6
Cash payments	(0.8)	(0.3)	(1.0)	(2.1)
Balance at March 31, 1998	$ 2.9	$ 3.7	$ 29.9	$ 36.5
Current				$ 19.7
Non-current				16.8
				$ 36.5

4. SALE OF ASSETS

During March, the Company sold certain assets of its veterinary testing business to Antech Diagnostics, a subsidiary of Veterinary Centers of America, Inc. Under the agreement, which became effective March 1, 1998, the Company will retain the animal studies portion of the business for clinical trials testing, one of its targeted niche businesses.

5. INTEREST RATE SWAP

The Company entered into an interest rate swap on January 12, 1998. The notional amount of the swap is $350.0 through January 16, 2001 and reduced to $200.0 from that date through January 13, 2003, the termination date of the agreement. The fixed rate the Company will pay for this swap agreement is 5.70%. This transaction resulted from the early termination of an existing swap agreement. The same notional amount was rolled into this agreement while extending the term an additional 4.5 years. The above swap, coupled with the existing agreements have effectively changed the interest rate exposure on $600.0 million of floating rate debt to a weighted average fixed interest rate of 6.77%. 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.

6. NEW ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." Both Statements are effective for fiscal years beginning after December 15, 1997. SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components in financial statements. SFAS No. 131 establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. SFAS No. 131 requires presentation of segment information under the "management approach," which aligns segments disclosure with the way that management organizes the segments within the enterprise for making operational decisions and assessing performance.

In February 1998, the Financial Accounting Standards Board issued SFAS No. 132, "Employers' Disclosures About Pensions and Other Postretirement Benefits." This Statement is effective for fiscal years beginning after December 15, 1997. The objective of SFAS No. 132 is to provide financial statement users with more comparable, understandable and concise information concerning the employer's obligations to fund

retirement plans and provide postretirement benefits. The Statement only applies to disclosures and does not address the measurement of the employer's obligation.

The Company has no elements of other comprehensive income, as defined in SFAS No. 130, for the three month periods ended March 31, 1998 and 1997. Management has not yet completed its assessment of how the other standards listed above will impact existing disclosures. The Company will adopt these standards in 1998 as required.

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, 1997, 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, 1998 compared with Three Months ended March 31, 1997.

Net sales for the three months ended March 31, 1998 were $373.0, a decrease of approximately 4.7% from $391.5 reported in the comparable 1997 period. The sales decline was a result of lower testing volume, attributable to the Company's program of selectively eliminating unprofitable accounts and carefully evaluating the acceptability of new business, as well as changes in physicians ordering patterns caused by new government and private reimbursement policies, and hospitals aggressively competing in the outpatient testing market. The Company's price per accession remained stable in comparison to the corresponding 1997 quarter.

Cost of sales, which includes primarily laboratory and distribution costs, was $255.7 for the three months ended March 31, 1998 compared to $277.2 in the corresponding 1997 period, a decrease of $21.5. Cost of sales decreased approximately $8.3 due to the decrease in volume, approximately $11.7 due to a decrease in salaries and benefits and approximately $1.5 primarily relating to testing supplies, maintenance, outside reference testing, rental and miscellaneous expense categories as a result of the Company's cost reduction programs. Cost of sales as a percentage of net sales was 68.6% for the three months ended March 31, 1998 and 70.8% 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 increased to $80.3 for the three months ended March 31, 1998 from $78.9 in the same period in 1997. The primary reason for the increase in these expenses is due to additional costs, primarily salaries, consulting fees incurred to address billing issues, selling and other marketing related expenses. Total bad debt expense decreased approximately $0.5, or 0.1% of net sales, from the comparable 1997 period. The decrease is primarily a result of the improvement in the Company's cash collection rates. See "Liquidity and Capital Resources." As a percentage of net sales, selling, general and administrative expenses were 21.5% and 20.2% for the three months ended March 31, 1998 and 1997, respectively. The increase in the selling, general and administrative percentage primarily resulted from the factors noted above.

The amortization of intangibles and other assets was $7.6 for the three months ended March 31, 1998 and 1997.

Net interest expense was $12.9 for the three months ended March 31, 1998 compared with $22.7 for the same period in 1997. The change resulted primarily from decreased borrowings resulting from the Company's recapitalization in June, 1997 and payments made to reduce the Company's revolving credit facility.

The provision for income taxes as a percentage of earnings before taxes was 50.5% for the three months ended March 31, 1998 compared to 59.3% for the three months ended March 31, 1997. The Company's effective tax rate is significantly impacted by non-deductible amortization of intangible assets. As earnings before income taxes increases, this non-deductible amortization decreases in proportion to such earnings resulting in a decrease in the effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $27.9 and $9.8 for the three months ended March 31, 1998 and March 31, 1997, respectively. The increase in cash flow from operations primarily resulted from improved earnings, decline in restructuring payments, a decrease in inventories, collection of income tax refunds and an increase in accounts payable. Capital expenditures were $17.1 and $3.1 for the first three months of 1998 and 1997, respectively. The Company expects capital expenditures to be approximately $70.0 in 1998 to further automate laboratory processes to improve efficiency. Such expenditures are expected to be funded by cash flow from operations as well as borrowings under the Company's credit facilities. The Company received approximately $11.0 in proceeds from the sale of assets and an additional $8.0 refund of a lease guaranty.

During 1996 and 1997, the Company experienced a deterioration in the timeliness of cash collections and a corresponding increase in accounts receivable. The primary causes of this situation were the increased medical necessity and related diagnosis code requirements from third-party payors and the complexities in the billing process (data capture) arising from changing requirements of private insurance companies (managed care). The Company believes it has stabilized collection rates and improved the collection of accounts receivable. In the first quarter of 1998, the Company's days sales outstanding remained stable in comparison to the fourth quarter of 1997. Although the Company continues to work towards reducing the overall number of days sales outstanding, additional changes in requirements of third-party payors could increase the difficulty in collections. There can be no assurance of the success of the Company's plans to improve collections and, due to changes in medical necessity requirements, the Company expects accounts receivable balances to continue to exceed 1995 levels.

For a discussion of legal proceedings which may impact the Company's liquidity and capital resources see "Part II - Other Information -- Item 1: Legal Proceedings."

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 and working capital for the foreseeable future.

REGULATION AND REIMBURSEMENT

On April 1, 1997, the Health Care Financing Administration's (HCFA) new Automated Chemistry Profile Rules went into effect. The policy, which

was developed by 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 4 to 12 chemistry tests). The Company believes that it has taken all steps necessary to be in compliance with the new HCFA requirements.

In addition, all major laboratory companies, including the Company, will be required to eliminate the old chemistry profiles from their standard test requisition forms and standard test offerings by July 1, 1998. The Company has developed a new "Universal" test requisition which incorporates all required changes which will be available at all locations on or before July 1, 1998.

These new rules are intended to reduce the number of non-Medicare covered "screening tests" which Medicare believes have in the past been inappropriately billed to Medicare. Due to the variety of new rules (including limited coverage rules) which have been adopted recently to address this issue, the Company does not believe a meaningful estimate of the potential financial impact of this new rule can be made at this time.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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.

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 March 3, 1998 was filed on March 9, 1998, by the registrant, in connection with the press release dated March 3, 1998 announcing operating results of the Company for the three and twelve month periods ended December 31, 1997 as well as certain other information.

(2) A current report on Form 8-K dated March 5, 1998 was filed on March 10, 1998, by the registrant, in connection with the press release dated March 5, 1998 announcing that it has sold certain assets of its veterinary testing business to Antech Diagnostics a subsidiary of Veterinary Centers of America, Inc.

(3) A current report on Form 8-K dated April 22, 1998 was filed on May 7, 1998, by the registrant, in connection with the press release dated April 22, 1998 announcing that it has entered into a definitive agreement with Medlab, Inc. (Medlab) to acquire certain of the assets of Medlab.

(4) A current report on Form 8-K dated April 23, 1998 was filed on May 7, 1998, by the registrant, in connection with the press release dated April 23, 1998 announcing the appointment of Myla Lai-Goldman, M.D. to the newly-created position of Executive Vice President, Chief Scientific Officer and Medical Director of LabCorp.

(5) A current report on Form 8-K dated April 28, 1998 was filed on May 7, 1998, by the registrant, in connection with the press release dated April 28, 1998 announcing an exclusive partnership with VIRCO, a Belgian-based biotechnology company, to offer blood analysis tests that will tell doctors and their HIV+ patients which drugs are likely to be effective against the individual patient's virus and which are not.

(6) A current report on Form 8-K dated April 30, 1998 was filed on May 7, 1998, by the registrant, in connection with the press release dated April 30, 1998 announcing operating results of the Company for the quarter ended March 31, 1998, as well as certain other information.

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 14, 1998

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.

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MAR-31-1998
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