UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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, 1995

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)

800-222-7566
(Registrant's telephone number, including area code)

NATIONAL HEALTH LABORATORIES HOLDINGS INC.
4225 EXECUTIVE SQUARE, SUITE 805, LA JOLLA, CALIFORNIA 92037
(Former name or former address, if changed since last report)

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 122,908,701 shares as of May 12, 1995, of which 61,329,256 sharesare 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 22,151,670 as of May 12, 1995, of which 8,325,000 are held by an indirect wholly-owned subsidiary of Roche Holding Ltd.

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

	March 31, 1995 (Unaudited)	December 31, 1994
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21.1	$ 26.8
Accounts receivable, net	217.4	205.4
Inventories	20.1	20.1
Prepaid expenses and other	24.0	8.3
Deferred income taxes	29.2	29.4
Income taxes receivable	--	3.0
Total current assets	311.8	293.0
Property, plant and equipment, net	138.6	140.1
Intangible assets, net	549.2	551.9
Other assets, net	27.6	27.7
	$1,027.2	$1,012.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 38.5	$ 44.3
Accrued expenses and other	89.8	92.8
Current portion of long-term debt	41.4	39.0
Accrued settlement expenses	7.4	26.7
Total current liabilities	177.1	202.8
Revolving credit facility	255.0	213.0
Long-term debt, less current portion	328.9	341.0
Capital lease obligation	9.8	9.8
Deferred income taxes	21.2	20.6
Other liabilities	56.2	59.5
Stockholders' equity:		
Preferred stock, $0.10 par value; 10,000,000 shares authorized; none issued	--	--
Common stock, $0.01 par value; 220,000,000 shares authorized; 84,782,359 shares and 84,761,817 shares issued at March 31, 1995 and December 31, 1994, respectively	0.8	0.8
Additional paid-in capital	153.7	153.5
Retained earnings	24.5	11.7
Total stockholders' equity	179.0	166.0
	$1,027.2	$1,012.7

See notes to unaudited consolidated condensed financial statements.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(Dollars in Millions, except per share data)
(Unaudited)

	Three Months Ended March 31, 1995	Three Months Ended March 31, 1994
Net sales	$ 243.8	$ 185.0
Cost of sales	164.3	132.3
Gross profit	79.5	52.7
Selling, general and administrative expenses	38.0	31.0
Amortization of intangibles and other assets	4.8	3.1
Operating income	36.7	18.6
Other income (expenses):		
Investment income	0.4	0.2
Interest expense	(13.7)	(4.5)
Earnings before income taxes	23.4	14.3
Provision for income taxes	10.6	6.2
Net earnings	$ 12.8	$ 8.1
Earnings per common share	$ 0.15	$ 0.10
Dividends per common share	$ --	$ 0.08

See notes to unaudited consolidated condensed financial statements.

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in Millions)
(Unaudited)

	Three Months Ended March 31, 1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 12.8	$ 8.1
Adjustments to reconcile net earnings to net cash provided by (used for) operating activities:		
Depreciation and amortization	14.2	9.4
Provision for doubtful accounts, net	(0.8)	(0.9)
Change in assets and liabilities, net of effects of acquisitions:		
Increase in accounts receivable	(11.1)	(19.5)
Increase (decrease) in inventories	0.3	(1.6)
Increase in prepaid expenses and other	(16.0)	(3.2)
Decrease in deferred income taxes, net	1.0	3.3
Decrease in income taxes receivable	7.8	7.8
(Decrease) increase in accounts payable, accrued expenses and other	(14.0)	3.8
Payments for settlement and related expenses	(19.3)	(8.9)
Other, net	(0.7)	4.1
Net cash provided by operating activities	(25.8)	2.4
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(7.1)	(10.3)
Acquisitions of businesses	(1.8)	(13.5)
Net cash used for investing activities	(8.9)	(23.8)

(continued)

LABORATORY CORPORATION OF AMERICA HOLDINGS AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS, CONTINUED
(Dollars in Millions)
(Unaudited)

	Three Months Ended March 31, 1995	1994
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit facility	$ 42.0	$ 46.0
Payments on long-term debt	(9.7)	--
Deferred payments on acquisitions	(3.4)	(0.7)
Dividends paid on common stock	--	(6.8)
Other	0.1	--
Net cash provided by (used for) financing activities	29.0	38.5
Net increase in cash and cash equivalents	(5.7)	17.1
Cash and cash equivalents at beginning of year	26.8	12.3
Cash and cash equivalents at end of period	$ 21.1	$ 29.4
Supplemental schedule of cash flow information:		
Cash paid during the period for:		
Interest	$ 13.7	$ 3.6
Income taxes	(0.3)	0.2
Disclosure of non-cash financing and investing activities:		
Dividends declared and unpaid on common stock	$ --	$ 6.8
In connection with business acquisitions, liabilities were assumed as follows:		
Fair value of assets acquired	$ 2.7	$ 15.0
Cash paid	(1.8)	(13.5)
Liabilities assumed	$ 0.9	$ 1.5

See notes to unaudited consolidated condensed financial statements.

NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Dollars in Millions, except per share data)

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

During the three months ended March 31, 1995, the Company's name was National Health Laboratories Holdings Inc. ("NHL"). On April 28, 1995, following approval at a special meeting of the stockholders of the Company, the name of the Company was changed to Laboratory Corporation of America Holdings.

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 and prior to giving effect to the merger with Roche Biomedical Laboratories, Inc. described in Footnote 3 herein.

The accompanying consolidated condensed financial statements of the Company and its subsidiaries are unaudited. In the opinion of management, all adjustments (which include only normal recurring accruals) necessary for a fair statement of the results of operations have been made.

2. EARNINGS PER SHARE

Earnings per share are based upon the weighted average number of shares outstanding during the three months ended March 31, 1995 and 1994 of 84,766,768 shares and 84,750,692 shares, respectively.

3. SUBSEQUENT EVENT - MERGER WITH ROCHE BIOMEDICAL LABORATORIES, INC.

On April 28, 1995, the Company completed the merger with Roche Biomedical Laboratories, Inc. ("RBL") pursuant to an Agreement and Plan of Merger (the "Merger Agreement") dated as of December 13, 1994 (the "Merger"). The Merger will be accounted for under the purchase method of accounting.

Pursuant to the Merger Agreement, each outstanding share of common stock, par value $0.01 per share of the Company ("Common Stock") (other than as provided in the Merger Agreement), was converted (the "Share Conversion") into (i) 0.72 of a share of Common Stock of the Company and (ii) $5.60 in cash per share, without interest. Based upon the number of shares of Common Stock outstanding immediately prior to the Merger and converted pursuant to the Share Conversion in the Merger, as provided in the Merger Agreement, the Company estimates that the aggregate number of shares issued and outstanding following the Share Conversion was 61,041,138. Also, an aggregate of 538,307 shares of Common Stock were issued in connection with the cancellation of certain employee stock options.

3. SUBSEQUENT EVENT - MERGER WITH ROCHE BIOMEDICAL LABORATORIES, INC. - Continued

In addition, pursuant to the Merger Agreement, an aggregate of 61,329,256 shares of Common Stock were issued to HLR Holdings Inc. ("HLR") and its designee, Roche Holdings, Inc. in exchange for all shares of common stock, no par value, of RBL outstanding immediately prior to the effective date of the Merger (other than treasury shares, which were canceled). The issuance of such shares of Common Stock was based upon the Company's estimate, as of immediately after the Merger, of the total outstanding shares immediately after the Share Conversion and, based on such estimate, equals approximately 49.9% of the total outstanding shares of Common Stock.

The Company also made a distribution (the "Warrant Distribution") to holders of record as of April 21, 1995, of 0.16308 of a warrant per outstanding share of Common Stock, each such warrant representing the right to purchase one newly issued share of Common Stock for $22.00 (subject to adjustment) on April 28, 2000 (each such warrant, a "Warrant"). Approximately 13,826,670 Warrants have been issued to stockholders entitled to receive Warrants in the Warrant Distribution, (including fractional Warrants, which were not distributed, but were liquidated in sales on the New York Stock Exchange and the proceeds thereof distributed to such stockholders). In addition, pursuant to the Merger Agreement on April 28, 1995 the Company issued to Hoffmann-La Roche Inc. ("Roche"), for a purchase price of approximately $51.0, of 8,325,000 Warrants (the Roche Warrants) to purchase shares of Common Stock, which Warrants will have the terms described above.

The aggregate cash consideration of approximately $474.8 paid to stockholders of the Company in the Merger was financed from three sources: a cash contribution (the "Company Cash Contribution") of approximately $288.1 out of the proceeds of borrowings under the Bank Facility (as described below), a cash contribution made by HLR to the Company in the amount of approximately $135.7 and the proceeds from the sale and issuance of the Roche Warrants.

The Company also entered into a credit agreement dated as of April 28, 1995 (the "Credit Agreement"), with the banks named therein (the "Banks") and Credit Suisse (New York Branch), as administrative agent (the "Bank Agent"), which made available to the Company a senior term loan facility of $800.0 (the "Term Loan Facility") and a revolving credit facility of $450.0 (the

3. SUBSEQUENT EVENT - MERGER WITH ROCHE BIOMEDICAL LABORATORIES, INC. - Continued

"Revolving Credit Facility" and, together with the Term Loan Facility, the "Bank Facility"). The Bank Facility provided funds for the Company Cash Contribution for the refinancing of certain existing debt of the Company and its subsidiaries and RBL, to pay related fees and expenses of the Merger and for general corporate purposes of the Company and its subsidiaries, in each case subject to the terms and conditions set forth in the Credit Agreement.

In connection with the Credit Agreement, the Company paid the Banks and Bank Agent customary underwriting, closing and participation fees, respectively. In addition, the Company will pay a facility fee based on the total Revolving Credit Facility commitment (regardless of usage) of 0.125% per annum. Availability of funds under the Bank Facility is conditioned on certain customary conditions, and the Credit Agreement contains customary representations, warranties, covenants and events of default.

The Revolving Credit Facility matures in April 2000. The Term Loan Facility matures in December 2001, with repayments in each quarter prior to maturity based on a specified amortization schedule. For as long as HLR and its affiliates ownership of Company common stock (the HLR Group Interest) remains at least 25%, the Revolving Credit Facility bears interest, at the option of the Company, at (i) Credit Suisse s Base Rate (as defined in the Credit Agreement) or (ii) the Eurodollar Rate (as defined in the Credit Agreement) plus a margin of 0.25% and the Term Loan Facility bears interest, at the option of the Company, at (i) Credit Suisse s Base Rate (as defined in the Credit Agreement) or (ii) the Eurodollar Rate (as defined in the Credit Agreement) plus a margin of 0.375%. In the event there is a reduction in the HLR Group Interest to below 25%, applicable interest margins will not be determined as set forth above, but instead will be determined based upon the Company s financial performance as described in the Credit Agreement.

The Bank Facility is unconditionally and irrevocably guaranteed by certain of the Company s subsidiaries.

On April 28, 1995, the Company borrowed $800.0 under the Term Loan Facility and $184.0 under the Revolving Credit Facility to (i) pay the Company Cash Contribution; (ii) repay in full the existing revolving credit and term loan facilities of a wholly-owned subsidiary of the Company of approximately $640.0 including interest and fees; (iii) repay approximately $50.0 of existing

3. SUBSEQUENT EVENT - MERGER WITH ROCHE BIOMEDICAL LABORATORIES, INC. - Continued

indebtedness of RBL; and (iv) for other costs in connection with the Merger and for working capital and general corporate purposes of the Company and its subsidiaries.

Restructuring costs of approximately $76.0 were recorded by the Company upon consummation of the Merger. Also, in connection with the repayment of existing revolving credit and term loan facilities, the Company recorded an extraordinary loss of approximately $14.0 ($7.7 net of tax), consisting of the write-off of deferred financing costs, related to the early extinguishment of debt. The restructuring costs reflect the Company's estimate, at the time of the Merger, of reserves for severance and benefit costs, costs for office and laboratory facilities expected to be closed, including asset write-downs and lease costs, and other restructuring expenses of the Company associated with the Merger.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Dollars in Millions)

RESULTS OF OPERATIONS

Net sales for the three months ended March 31, 1995 were $243.8, an increase of 31.8% from $185.0 reported in the comparable 1994 period. Net sales from the inclusion of Allied Clinical Laboratories, Inc. ("Allied"), which was acquired on June 23, 1994, increased net sales by approximately $40.7 or 22.0%. Growth in new accounts and acquisitions of small clinical laboratory companies increased net sales by approximately 10.0% and 6.4%, respectively. A price increase, effective on January 1, 1995, increased net sales by approximately 2.5% for the three months ended March 31, 1995. However, a reduction in Medicare fee schedules from 84% to 80% of the national limitation amounts on January 1, 1995, plus changes in reimbursement policies of various third party payors, reduced net sales by approximately 1.4%. Other factors, including lower utilization of laboratory testing and price erosion in the industry as a whole, comprised the remaining reduction in net sales.

Cost of sales, which primarily includes laboratory and distribution costs, increased to $164.3 for the three months ended March 31, 1995 from $132.3 in the corresponding 1994 period. Cost of sales increased by approximately $32.2 due to the inclusion of the cost of sales of Allied. This increase was partially offset by reductions in various cost categories as a result of the Company's on-going cost-reduction program. Cost of sales as a percent of net sales was 67.4% for the three months ended March 31, 1995 and 71.5% in the corresponding 1994 period. The decrease in the cost of sales percentage primarily resulted from the Company's cost reduction efforts and from an increase in net sales in the three months ended March 31, 1995 compared to the corresponding period in 1994. This decrease was partially offset by a reduction in net sales due to a reduction in Medicare fee schedules, pricing pressures and utilization declines, each of which provided little corresponding reduction in costs.

Selling, general and administrative expenses increased to $38.0 for the three months ended March 31, 1995 from $31.0 in the same period in 1994. Approximately $5.5 of the increase was due to the inclusion of the selling, general and administrative expenses of Allied. The remaining increase was primarily due to expansion of the data processing and billing departments due to increased volume and to improve customer service. As a percentage of net sales, selling, general and administrative expenses was 15.6% and 16.8% for the three months ended March 31, 1995 and 1994, respectively. The decrease in the selling, general and administrative percentage primarily resulted from an increase in net sales as discussed above.

RESULTS OF OPERATIONS - Continued

Management expects net sales to continue to grow through strategic acquisitions and the addition of new accounts, although there can be no assurance that the Company will experience such growth. Reductions in Medicare fee schedules, pursuant to the Omnibus Budget Reconciliation Act of 1993 ("OBRA '93"), to 76% of the median fee amounts, effective January 1, 1996 is expected to negatively impact net sales, cost of sales as a percentage of net sales and selling, general and administrative expenses as a percentage of net sales in the future. Management cannot predict if price erosion or utilization declines will continue to occur or the ultimate effect of such declines on net sales or results of operations. It is the objective of management to partially offset the increases in cost of sales as a percentage of net sales and selling, general and administrative expenses as a percentage of net sales through comprehensive cost reduction programs at each of the Company's regional laboratories, although there can be no assurance of the success of such programs.

The increase in amortization of intangibles and other assets to $4.8 for the three months ended March 31, 1995 from $3.1 in the corresponding period in 1994 primarily resulted from the acquisition of Allied in June 1994 and other small laboratory companies during both 1995 and 1994.

Interest expense was $13.7 for the three months ended March 31, 1995 compared with $4.5 for the same period in 1994. The change resulted primarily from increased borrowings used to finance the acquisition of Allied in June 1994 and other small laboratory companies during both 1995 and 1994. Higher average interest rates also contributed to the increase in interest expense.

The provision for income taxes as a percentage of earnings before income taxes was 45.3% and 43.4% for the three months ended March 31, 1995 and 1994, respectively. The change was mainly due to a higher effective tax rate for both federal and state income taxes.

The health care industry is undergoing significant change as third party payers, such as Medicare and Medicaid and insurers, increase their efforts to control the cost, utilization and delivery of health care services. In an effort to address this problem of increasing health care costs, legislation has been proposed or enacted at both the Federal and state levels to regulate health care delivery in general and clinical laboratories in particular. Some of the proposals include managed competition,

RESULTS OF OPERATIONS - Continued

global budgeting and price controls. Although the Clinton Administration's health care reform proposal was not enacted by the 103rd Congress, such proposal or other proposals may be considered in the future. In particular, 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 payers may occur as well. The Company cannot predict the effect health care reform, if enacted, would have on its business, and there can be no assurance that such reforms, if enacted, would not have a material adverse effect on the Company's business and operations.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

For the three months ended March 31, 1995 and 1994, net cash (used in) provided by operating activities (after payment of settlement and related expenses of $19.3 and $8.9 in 1995 and 1994, respectively) was ($25.8) and $2.4, respectively. Cash used for capital expenditures was $7.1 and $10.3 for the three months ended March 31, 1995 and 1994, respectively. The Company expects capital expenditures to be approximately $100.0 to $125.0 in 1995 to integrate the Company, RBL and Allied, to accommodate expected growth, to further automate laboratory processes and improve efficiency.

The Company acquired one small laboratory company during the three months ended March 31, 1995 for an aggregate amount of $1.8 in cash and the recognition of $0.9 of liabilities. During the corresponding period in 1994, the Company acquired four laboratory companies for a total of $13.5 in cash and the recognition of $1.5 of liabilities.

On April 28, 1995, the Company completed the merger with Roche Biomedical Laboratories, Inc. ("RBL") pursuant to an Agreement and Plan of Merger (the "Merger Agreement") dated as of December 13, 1994 (the "Merger"). The Merger will be accounted for under the purchase method of accounting.

Pursuant to the Merger Agreement, each outstanding share of common stock, par value $0.01 per share of the Company ("Common Stock") (other than as provided in the Merger Agreement), was converted (the "Share Conversion") into (i) 0.72 of a share of Common Stock of the Company and (ii) $5.60 in cash per share, without interest. Based upon the number of shares of Common Stock outstanding immediately prior to the Merger and converted pursuant

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES - Continued

to the Share Conversion in the Merger, as provided in the Merger Agreement, the Company estimates that the aggregate number of shares issued and outstanding following the Share Conversion was 61,041,138. Also, an aggregate of 538,307 shares of Common Stock were issued in connection with the cancellation of certain employee stock options.

In addition, pursuant to the Merger Agreement, an aggregate of 61,329,256 shares of Common Stock were issued to HLR Holdings Inc. ("HLR") and its designee, Roche Holdings, Inc. in exchange for all shares of common stock, no par value, of RBL outstanding immediately prior to the effective date of the Merger (other than treasury shares, which were canceled). The issuance of such shares of Common Stock was based upon the Company's estimate, as of immediately after the Merger, of the total outstanding shares immediately after the Share Conversion and, based on such estimate, equals approximately 49.9% of the total outstanding shares of Common Stock.

The Company also made a distribution (the "Warrant Distribution") to holders of record as of April 21, 1995, of 0.16308 of a warrant per outstanding share of Common Stock, each such warrant representing the right to purchase one newly issued share of Common Stock for $22.00 (subject to adjustment) on April 28, 2000 (each such warrant, a "Warrant"). Approximately 13,826,670 Warrants have been issued to stockholders entitled to receive Warrants in the Warrant Distribution, (including fractional Warrants, which were not distributed, but were liquidated in sales on the New York Stock Exchange and the proceeds thereof distributed to such stockholders). In addition, pursuant to the Merger Agreement on April 28, 1995 the Company issued to Hoffmann-La Roche Inc. ("Roche"), for a purchase price of approximately $51.0, of 8,325,000 Warrants (the Roche Warrants) to purchase shares of Common Stock, which Warrants will have the terms described above.

The aggregate cash consideration of approximately $474.8 paid to stockholders of the Company in the Merger was financed from three sources: a cash contribution (the "Company Cash Contribution") of approximately $288.1 out of the proceeds of borrowings under the Bank Facility (as described below), a cash contribution made by HLR to the Company in the amount of approximately $135.7 and the proceeds from the sale and issuance of the Roche Warrants.

The Company also entered into a credit agreement dated as of

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES - Continued

April 28, 1995 (the "Credit Agreement"), with the banks named therein (the "Banks") and Credit Suisse (New York Branch), as administrative agent (the "Bank Agent"), which made available to the Company a senior term loan facility of $800.0 (the "Term Loan Facility") and a revolving credit facility of $450.0 (the "Revolving Credit Facility" and, together with the Term Loan Facility, the "Bank Facility"). The Bank Facility provided funds for the Company Cash Contribution for the refinancing of certain existing debt of the Company and its subsidiaries and RBL, to pay related fees and expenses of the Merger and for general corporate purposes of the Company and its subsidiaries, in each case subject to the terms and conditions set forth in the Credit Agreement.

In connection with the Credit Agreement, the Company paid the Banks and Bank Agent customary underwriting, closing and participation fees, respectively. In addition, the Company will pay a facility fee based on the total Revolving Credit Facility commitment (regardless of usage) of 0.125% per annum. Availability of funds under the Bank Facility is conditioned on certain customary conditions, and the Credit Agreement contains customary representations, warranties, covenants and events of default.

The Revolving Credit Facility matures in April 2000. The Term Loan Facility matures in December 2001, with repayments in each quarter prior to maturity based on a specified amortization schedule. For as long as HLR and its affiliates ownership of Company common stock (the HLR Group Interest) remains at least 25%, the Revolving Credit Facility bears interest, at the option of the Company, at (i) Credit Suisse s Base Rate (as defined in the Credit Agreement) or (ii) the Eurodollar Rate (as defined in the Credit Agreement) plus a margin of 0.25% and the Term Loan Facility bears interest, at the option of the Company, at (i) Credit Suisse s Base Rate (as defined in the Credit Agreement) or (ii) the Eurodollar Rate (as defined in the Credit Agreement) plus a margin of 0.375%. In the event there is a reduction in the HLR Group Interest to below 25%, applicable interest margins will not be determined as set forth above, but instead will be determined based upon the Company s financial performance as described in the Credit Agreement.

The Bank Facility is unconditionally and irrevocably guaranteed by certain of the Company s subsidiaries.

On April 28, 1995, the Company borrowed $800.0 under the Term Loan Facility and $184.0 under the Revolving Credit Facility to (i)

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES - Continued

pay the Company Cash Contribution; (ii) repay in full the existing revolving credit and term loan facilities of a wholly-owned subsidiary of the Company of approximately $640.0 including interest and fees; (iii) repay approximately $50.0 of existing indebtedness of RBL; and (iv) for other costs in connection with the Merger and for working capital and general corporate purposes of the Company and its subsidiaries.

Restructuring costs of approximately $76.0 were recorded by the Company upon consummation of the Merger. Also, in connection with the repayment of existing revolving credit and term loan facilities, the Company recorded an extraordinary loss of approximately $14.0 ($7.7 net of tax), consisting of the write-off of deferred financing costs, related to the early extinguishment of debt. The restructuring costs reflect the Company's estimate, at the time of the Merger, of reserves for severance and benefit costs, costs for office and laboratory facilities expected to be closed, including asset write-downs and lease costs, and other restructuring expenses of the Company associated with the Merger.

The Company expects that its cash needs for working capital, capital expenditures and the cash costs of the restructuring and operations of the Company after the Merger will be met by its cash flow from operations and borrowings under the Revolving Credit Facility.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

As discussed in Part I, Item 3 "Legal Proceedings" of the Company's December 31, 1994 Annual Report on Form 10-K, Allied Clinical Laboratories, Inc. ("Allied"), which was purchased by the Company in June 1994, received in April 1994 a subpoena from the Office of Inspector General ("OIG") of the Department of Health and Human Services ("HHS") requesting documents and certain information regarding the Medicare billing practices of its Cincinnati, Ohio clinical laboratory with respect to certain cancer screening tests. In March 1995, Allied resolved the issues raised by the April 1994 subpoena and a related qui tam action commenced in a Cincinnati, Ohio Federal court by entering into agreements with, among others, HHS, the United States Department of Justice and the relators in the qui tam action pursuant to which it agreed to pay $4.9 million to settle all pending claims and inquiries regarding these billing practices and certain others. The Company had previously established reserves that were adequate to cover such settlement payment. In connection with the settlement, Allied agreed with HHS, among other things, to implement a corporate integrity program to ensure that Allied and its representatives remain in compliance with applicable laws and regulations and to provide certain reports and information to HHS regarding such compliance efforts.

Item 2. Changes in Securities

(a) In connection with the Merger, the Company, HLR, Roche and Roche Holdings, Inc. ("Holdings") entered into a stockholder agreement dated as of April 28, 1995 (the "Stockholder Agreement") which sets forth, among other things, certain agreements and understandings regarding the governance of the Company following the Merger, including but not limited to the composition of the Board of Directors. The Stockholder Agreement was filed as an exhibit to the Company's report on Form 8-K dated April 28, 1995 which was filed on May 12, 1995 in connection with the merger and is incorporated herein by reference.

In connection with the Merger, the Company made a distribution to stockholders of record of shares of Common Stock as of April 21, 1995 consisting of

PART II - OTHER INFORMATION

Item 2. Changes in Securities - Continued

0.16308 of a warrant per outstanding share of Common Stock, each such warrant representing the right to purchase one newly issued share of Common Stock for $22.00 (subject to adjustment) pursuant to a warrant agreement between the Company and American Stock Transfer & Trust Company (the "Warrant Agreement") dated as of April 10, 1995 which sets forth the terms of the warrants. The Warrant Agremeent was filed as an exhibit to the Company's report on Form 8-K dated April 28, 1995 which was filed on May 12, 1995 in connection with the Merger and is incorporated herein by reference.

(b) Not applicable

Item 4. Submission of Matters to a Vote of Security Holders

(a) A Special Meeting of the Shareholders was held on April 28, 1995.

(b) Not applicable.

(c) The matters voted upon were the approval and adoption of the Merger Agreement and the approval of a proposed amendment to Article I of the Certificate of Incorporation of the Company to change the name of the Company to "Laboratory Corporation of America Holdings." The results of the vote were as follows:

Topic	Votes For	Votes Against	Votes Abstained
Approval and adoption of the Merger Agreement:	66,972,092	50,182	38,702
Approval of name change:	66,962,170	57,404	41,402

(d) Not applicable.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3.1 Certificate of Incorporation of the Company (amended pursuant to a Certificate of Merger filed on April 28, 1995)*
- 3.2 Amended and Restated By-Laws of the Company*
- 4.1 Warrant Agreement dated as of April 10, 1995 between the Company and American Stock Transfer & Trust Company*
- 4.2 Specimen of the Company's Warrant Certificate (included in the exhibit to the Warrant Agreement included therein as Exhibit 4.1 hereto)*
- 4.3 Specimen of the Company's Common Stock Certificate*
- 10.1 Stockholder Agreement dated as of April 28, 1995 among the Company, HLR Holdings Inc., Hoffmann-La Roche Inc. and Roche Holdings, Inc.*
- 10.2 Exchange Agent Agreement dated as of April 28, 1995 between the Company and American Stock Transfer & Trust Company*
- 10.3 Credit Agreement dated as of April 28, 1995, among the Company, the banks named therein, and Credit Suisse (New York Branch), as Administrative Agent*
- 10.4 Amendment dated as of April 28, 1995 to the Employment Agreement dated as of January 1, 1991, as amended on April 1, 1991, June 6, 1991, January 1, 1993 and April 1, 1994, between La Jolla Management Corp., a Delaware corporation and David C. Flaugh*
- 21 Subsidiaries of the Company*
- 22 Press Release dated April 28, 1995 by the Company*
- 27 Financial Data Schedule (electronically filed version only).

(b) Reports on Form 8-K

A report on Form 8-K dated April 28, 1995 was filed on May 12, 1995 in connection with the Merger. The Form 8-K incorporated by reference the Consolidated Financial Statements of RBL and the proforma financial information with respect to the Merger

Item 6. Exhibits and Reports on Form 8-K - Continued

included on the proxy statement/prospectus dated March 31, 1995 and filed by the Company with the Commission as part of a Registration Statement in Forms S-4/S-3 on March 31, 1995.

* Incorporated by reference herein to the report on Form 8-K dated April 28, 1995, filed with the Securities and Exchange Commission on May 12, 1995 in connection with the Merger.

S I G N A T U R E

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/ DAVID C. FLAUGH

David C. Flaugh
Executive Vice President and Chief
Operating Officer

By:/s/ WESLEY R. ELINGBURG

Wesley R. Elingburg
Senior Vice President, Finance
(Principal Accounting Officer)

Date: May 15, 1995

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

0000920148
LABORATORY CORPORATION OF AMERICA HOLDINGS
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3-MOS
DEC-31-1995
MAR-31-1995
21,100
0
232,500
15,100
20,100
311,800
240,000
101,400
1,027,200
177,100
593,700
800
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0
178,200
1,027,200
243,800
243,800
164,300
164,300
42,800
0
13,700
23,400
10,600
12,800
0
0
0
12,800
.15
.15