

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006
(in thousands, except per share data)

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net revenues	\$7,249,447	\$6,704,907	\$6,268,659
Operating costs and expenses:			
Cost of services	4,256,156	3,969,848	3,696,006
Selling, general and administrative	1,736,934	1,612,858	1,410,716
Amortization of intangible assets	37,293	27,904	10,843
Other operating (income) expense, net	<u>(3,312)</u>	<u>2,961</u>	<u>23,017</u>
Total operating costs and expenses	<u>6,027,071</u>	<u>5,613,571</u>	<u>5,140,582</u>
Operating income	1,222,376	1,091,336	1,128,077
Other income (expense):			
Interest expense, net	(179,764)	(178,314)	(91,425)
Minority share of income	(31,705)	(26,510)	(23,900)
Equity earnings in unconsolidated joint ventures	29,736	26,969	28,469
Other expense, net	<u>(21,691)</u>	<u>(1,079)</u>	<u>(7,948)</u>
Total non-operating expenses, net	<u>(203,424)</u>	<u>(178,934)</u>	<u>(94,804)</u>
Income from continuing operations before taxes	1,018,952	912,402	1,033,273
Income tax expense	<u>386,768</u>	<u>358,574</u>	<u>407,581</u>
Income from continuing operations	632,184	553,828	625,692
Loss from discontinued operations, net of taxes	<u>(50,694)</u>	<u>(213,889)</u>	<u>(39,271)</u>
Net income	<u>\$ 581,490</u>	<u>\$ 339,939</u>	<u>\$ 586,421</u>
Earnings per common share – basic:			
Income from continuing operations	\$ 3.25	\$ 2.87	\$ 3.18
Loss from discontinued operations	<u>(0.26)</u>	<u>(1.11)</u>	<u>(0.20)</u>
Net income	<u>\$ 2.99</u>	<u>\$ 1.76</u>	<u>\$ 2.98</u>
Earnings per common share – diluted:			
Income from continuing operations	\$ 3.23	\$ 2.84	\$ 3.14
Loss from discontinued operations	<u>(0.26)</u>	<u>(1.10)</u>	<u>(0.20)</u>
Net income	<u>\$ 2.97</u>	<u>\$ 1.74</u>	<u>\$ 2.94</u>
Dividends per common share	\$ 0.40	\$ 0.40	\$ 0.40

The accompanying notes are an integral part of these statements.