

**QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006**

(in thousands)

	Shares of Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Unearned Compen- sation	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Compre- hensive Income
<b>Balance, December 31, 2005</b> .....	198,455	\$2,137	\$2,175,533	\$1,292,510	\$(3,321)	\$ (6,205)	\$ (697,670)	
Net income .....				586,421				\$586,421
Currency translation .....						2,460		2,460
Market valuation, net of tax benefit of \$2,501 .....						(3,815)		(3,815)
Reversal of market adjustment, net of tax expense of \$(5,053) .....						7,707		7,707
Deferred gain reclassifications .....						(212)		(212)
Comprehensive income .....								<u>\$592,561</u>
Dividends declared .....				(78,676)				
Reclassification upon adoption of SFAS123R .....			(3,321)		3,321			
Issuance of common stock under benefit plans .....	598	1	(2,158)				23,838	
Stock-based compensation expense .....			55,478					
Exercise of stock options .....	3,782		(75,603)				177,927	
Shares to cover employee payroll tax withholdings on stock issued under benefit plans .....	(13)		(672)					
Tax benefits associated with stock-based compensation plans .....			35,816					
Purchases of treasury stock .....	(8,873)						(472,325)	
<b>Balance, December 31, 2006</b> .....	193,949	2,138	2,185,073	1,800,255	-	(65)	(968,230)	
Net income .....				339,939				\$339,939
Currency translation .....						30,820		30,820
Market valuation, net of tax benefit of \$24 .....						(36)		(36)
Reversal of market adjustment, net of tax expense of \$(510) .....						802		802
Deferred loss, less reclassifications .....						(6,242)		(6,242)
Comprehensive income .....								<u>\$365,283</u>
Dividends declared .....				(77,304)				
Issuance of common stock under benefit plans .....	462		(1,974)				21,989	
Stock-based compensation expense .....			56,853					
Exercise of stock options .....	2,447		(39,230)				120,158	
Shares to cover employee payroll tax withholdings on stock issued under benefit plans .....	(24)	(1)	(1,229)					
Tax benefits associated with stock-based compensation plans .....			16,703					
Purchases of treasury stock .....	(2,794)						(145,660)	
Adjustments upon adoption of FASB Interpretation No. 48 .....			(10,441)	(5,146)				
Reimbursement from Corning Incorporated Other .....			2,345	2,725				
<b>Balance, December 31, 2007</b> .....	194,040	2,137	2,210,825	2,057,744	-	25,279	(971,743)	
Net income .....				581,490				\$581,490
Currency translation .....						(94,326)		(94,326)
Market valuation, net of tax benefit of \$261 .....						(398)		(398)
Reversal of market adjustment, net of tax expense of \$(1,257) .....						2,161		2,161
Deferred loss, less reclassifications .....						(784)		(784)
Comprehensive income .....								<u>\$488,143</u>
Dividends declared .....				(77,555)				
Issuance of common stock under benefit plans .....	913	4	81				18,248	
Stock-based compensation expense .....			63,055				7,526	
Exercise of stock options .....	987		(18,148)				48,659	
Shares to cover employee payroll tax withholdings on stock issued under benefit plans .....	(56)		(962)				(1,614)	
Tax benefits associated with stock-based compensation plans .....			6,881					
Purchases of treasury stock .....	(5,510)						(253,997)	
Other .....			333					
<b>Balance, December 31, 2008</b> .....	190,374	\$2,141	\$2,262,065	\$2,561,679	\$ -	\$(68,068)	\$(1,152,921)	

The accompanying notes are an integral part of these statements.