

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES

(in thousands, except per share data)
Quarterly Operating Results (unaudited)

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total Year</u>
<u>2008 (a) (b)</u>					
Net revenue from continuing operations	\$1,784,637	\$1,837,901	\$1,826,603(c)	\$1,800,306	\$7,249,447
Gross profit from continuing operations	726,010	754,420	753,480(c)	759,381	2,993,291
Income from continuing operations ...	140,694	162,218(d)	159,676(c)(d)(e)	169,596(d)(f)	632,184
Loss from discontinued operations....	<u>(1,087)</u>	<u>(890)</u>	<u>(48,934)(g)</u>	<u>217</u>	<u>(50,694)</u>
Net income	<u>\$ 139,607</u>	<u>\$ 161,328</u>	<u>\$ 110,742</u>	<u>\$ 169,813</u>	<u>\$ 581,490</u>
Earnings per common share – basic					
Income from continuing operations ...	\$ 0.72	\$ 0.83	\$ 0.82	\$ 0.88	\$ 3.25
Loss from discontinued operations....	<u>-</u>	<u>-</u>	<u>(0.25)</u>	<u>-</u>	<u>(0.26)</u>
Net income	<u>\$ 0.72</u>	<u>\$ 0.83</u>	<u>\$ 0.57</u>	<u>\$ 0.88</u>	<u>\$ 2.99</u>
Earnings per common share – dilutive					
Income from continuing operations ...	\$ 0.72	\$ 0.83	\$ 0.81	\$ 0.87	\$ 3.23
Loss from discontinued operations....	<u>(0.01)</u>	<u>(0.01)</u>	<u>(0.25)</u>	<u>-</u>	<u>(0.26)</u>
Net income	<u>\$ 0.71</u>	<u>\$ 0.82</u>	<u>\$ 0.56</u>	<u>\$ 0.87</u>	<u>\$ 2.97</u>
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total Year</u>
<u>2007 (a) (b)</u>					
Net revenue from continuing operations	\$1,526,208	\$1,641,156	\$1,767,070	\$1,770,473	\$6,704,907
Gross profit from continuing operations	594,423	672,414	740,472	727,750	2,735,059
Income from continuing operations ..	107,515(h)	141,979	150,325	154,009(i)	553,828
Loss from discontinued operations ...	<u>(1,622)</u>	<u>(647)</u>	<u>(52,360)(j)</u>	<u>(159,260)(j)</u>	<u>(213,889)</u>
Net income (loss).....	<u>\$ 105,893</u>	<u>\$ 141,332</u>	<u>\$ 97,965</u>	<u>\$ (5,251)</u>	<u>\$ 339,939</u>
Earnings per common share – basic					
Income from continuing operations ..	\$ 0.56	\$ 0.74	\$ 0.78	\$ 0.80	\$ 2.87
Loss from discontinued operations ...	<u>(0.01)</u>	<u>-</u>	<u>(0.27)</u>	<u>(0.83)</u>	<u>(1.11)</u>
Net income (loss).....	<u>\$ 0.55</u>	<u>\$ 0.74</u>	<u>\$ 0.51</u>	<u>\$ (0.03)</u>	<u>\$ 1.76</u>
Earnings per common share – dilutive					
Income from continuing operations ..	\$ 0.55	\$ 0.73	\$ 0.77	\$ 0.79	\$ 2.84
Loss from discontinued operations ...	<u>(0.01)</u>	<u>-</u>	<u>(0.27)</u>	<u>(0.82)</u>	<u>(1.10)</u>
Net income (loss).....	<u>\$ 0.54</u>	<u>\$ 0.73</u>	<u>\$ 0.50</u>	<u>\$ (0.03)</u>	<u>\$ 1.74</u>

(a) During the third quarter of 2006, the Company completed its wind down of NID and classified the operations of NID as discontinued operations. Results of operations have been prepared to report the results of NID as discontinued operations for all periods presented (see Note 15).

(b) On January 31, 2007, the Company completed the acquisition of HemoCue. On May 31, 2007, the Company completed the acquisition of AmeriPath. The quarterly operating results include the results of operations of HemoCue and AmeriPath subsequent to the closing of the applicable acquisitions.

(c) The Company estimates the impact of hurricanes in the third quarter of 2008 reduced consolidated revenue growth and the increase in operating income for 2008 by approximately \$10 million and \$8 million, respectively, compared to the prior year.

(d) In the second, third and fourth quarters of 2008, the Company recorded a tax benefit of \$2.8 million, \$3.4 million and \$10.3 million, respectively, primarily associated with favorable resolutions of certain tax contingencies.

- (e) In the third quarter of 2008, the Company recorded a \$8.9 million charge associated with the write-down of an equity investment.
- (f) In the fourth quarter of 2008, the Company recorded \$16.2 million of costs, primarily associated with workforce reductions.
- (g) In the third quarter of 2008, the Company recorded a charge of \$73 million associated with the government's investigation in connection with NID (see Note 14).
- (h) In the first quarter of 2007, the Company recorded \$10.7 million of costs associated with workforce reductions and a \$4 million charge related to in-process research and development expense associated with the acquisition of HemoCue.
- (i) In the fourth quarter of 2007, the Company recorded a charge of \$4.0 million associated with the write-down of an equity investment.
- (j) In the third and fourth quarters of 2007, the Company recorded a charge of \$51 million and \$190 million, respectively, associated with the government's investigation in connection with NID (see Note 14).