

SELECTED HISTORICAL FINANCIAL DATA OF OUR COMPANY

The following table summarizes selected historical financial data of our Company and our subsidiaries at the dates and for each of the periods presented. We derived the selected historical financial data for the years 2001 through 2005 from the audited consolidated financial statements of our Company. In April 2002, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards, or SFAS, No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections", or SFAS 145. Pursuant to SFAS 145, extraordinary losses associated with the extinguishment of debt in 2001, previously presented net of applicable taxes, were reclassified to other non-operating expenses. In September 2004, the Emerging Issues Task Force reached a final consensus on Issue 04-8, "The Effect of Contingently Convertible Instruments on Diluted Earnings per Share", or Issue 04-8, effective December 31, 2004. Pursuant to Issue 04-8, we included the dilutive effect of our 1 $\frac{3}{4}$ % contingent convertible debentures issued November 26, 2001 in our dilutive earnings per common share calculations using the if-converted method, regardless of whether or not the holders of these securities were permitted to exercise their conversion rights, and retroactively restated previously reported diluted earnings per common share. The selected historical financial data is only a summary and should be read together with the audited consolidated financial statements and related notes of our Company and management's discussion and analysis of financial condition and results of operations included elsewhere in this Annual Report on Form 10-K.

	Year Ended December 31,				
	2005(a)	2004	2003(b)	2002(c)	2001
	(in thousands, except per share data)				
Operations Data:					
Net revenues	\$5,503,711	\$5,126,601	\$4,737,958	\$4,108,051	\$3,627,771
Amortization of goodwill (d)	-	-	-	-	38,392
Operating income.....	968,111 (e)	891,217 (f)	796,454	592,142	411,550
Loss on debt extinguishment	-	-	-	-	42,012 (g)
Net income	546,277 (e),(h)	499,195 (f),(i)	436,717	322,154	162,303 (g)
Basic earnings per common share					
(j)	\$ 2.71	\$ 2.45	\$ 2.11	\$ 1.67	\$ 0.87
Diluted earnings per common share					
(j)(k).....	\$ 2.66	\$ 2.35	\$ 2.02	\$ 1.59	\$ 0.83
Dividends per common share (j) ...	\$ 0.36	\$ 0.30	\$ 0.075	\$ -	\$ -
Balance Sheet Data (at end of year):					
Cash and cash equivalents	\$ 92,130	\$ 73,302	\$ 154,958	\$ 96,777	\$ 122,332
Accounts receivable, net.....	732,907	649,281	609,187	522,131	508,340
Goodwill, net	3,197,227	2,506,950	2,518,875	1,788,850	1,351,123
Total assets	5,306,115	4,203,788	4,301,418	3,324,197	2,930,555
Long-term debt.....	1,255,386	724,021	1,028,707	796,507	820,337
Total debt.....	1,592,225	1,098,822	1,102,657	822,539	821,741
Total stockholders' equity	2,762,984	2,288,651	2,394,694	1,768,863	1,335,987
Other Data:					
Net cash provided by operating activities	\$ 851,583	\$ 798,780	\$ 662,799	\$ 596,371	\$ 465,803
Net cash used in investing activities	(1,079,793)	(173,700)	(417,050)	(477,212)	(296,616)
Net cash provided by (used in) financing activities	247,038	(706,736)	(187,568)	(144,714)	(218,332)
Provision for doubtful accounts	233,628	226,310	228,222	217,360	218,271
Rent expense.....	139,660	132,883	120,748	96,547	82,769
Capital expenditures	224,270	176,125	174,641	155,196	148,986
Depreciation and amortization	176,124	168,726	153,903	131,391	147,727

- (a) On November 1, 2005, we completed the acquisition of LabOne, Inc., or LabOne. Consolidated operating results for 2005 include the results of operations of LabOne subsequent to the closing of the acquisition. See Note 3 to the Consolidated Financial Statements.
- (b) On February 28, 2003, we completed the acquisition of Unilab Corporation, or Unilab. Consolidated operating results for 2003 include the results of operations of Unilab subsequent to the closing of the acquisition. See Note 3 to the Consolidated Financial Statements.

- (c) On April 1, 2002, we completed the acquisition of American Medical Laboratories, Incorporated, or AML. Consolidated operating results for 2002 include the results of operations of AML subsequent to the closing of the acquisition.
- (d) In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets", or SFAS 142, which we adopted on January 1, 2002. The following table presents net income and basic and diluted earnings per common share data adjusted to exclude the amortization of goodwill, assuming that SFAS 142 had been in effect for the year ended December 31, 2001 (in thousands, except per share data):

	<u>2001</u>
Net income	\$162,303
Add back: Amortization of goodwill, net of taxes	<u>35,964</u>
Adjusted net income	<u>\$198,267</u>
Basic earnings per common share	\$ 0.87
Amortization of goodwill, net of taxes	<u>0.20</u>
Adjusted basic earnings per common share	<u>\$ 1.07</u>
Diluted earnings per common share	\$ 0.83
Amortization of goodwill, net of taxes	<u>0.18</u>
Adjusted diluted earnings per common share	<u>\$ 1.01</u>

- (e) During the third quarter of 2005, we recorded a \$6.2 million charge primarily related to forgiveness of amounts owed by patients and physicians, and related property damage as a result of hurricanes in the Gulf Coast. During the fourth quarter of 2005, we recorded a \$16 million charge to write-off certain assets in connection with a product hold at NID.
- (f) During the second quarter of 2004, we recorded a \$10.3 million charge associated with the acceleration of certain pension obligations in connection with the succession of our prior CEO.
- (g) In conjunction with our debt refinancing in 2001, we recorded a loss on debt extinguishment of \$42 million. The loss represented the write-off of deferred financing costs of \$23 million, associated with the debt which was refinanced, and \$13 million of payments related primarily to the tender premium incurred in connection with our cash tender offer of our 10¾% senior subordinated notes due 2006. The remaining \$6 million of losses represented amounts incurred in conjunction with the cancellation of certain interest rate swap agreements which were terminated in connection with the debt that was refinanced.
- (h) During the third quarter of 2005, we recorded a \$7.1 million charge associated with the write-down of an investment.
- (i) During the second quarter of 2004, we recorded a \$2.9 million charge to interest expense, net representing the write-off of deferred financing costs associated with the refinancing of our bank debt and credit facility.
- (j) Previously reported basic and diluted earnings per share have been restated to give retroactive effect of our two-for-one stock split effected on June 20, 2005. See Note 2 to the Consolidated Financial Statements.
- (k) Potentially dilutive common shares primarily include the dilutive effect of our 1¾% contingent convertible debentures issued November 26, 2001, which were redeemed principally through a conversion into common shares as of January 18, 2005, and outstanding stock options and restricted common shares granted under our Amended and Restated Employee Long-Term Incentive Plan and our Amended and Restated Director Long-Term Incentive Plan.