

consultation programs, with our enhanced reporting initiatives, particularly in the complex areas of hematopathology and coagulation. We believe consultation services will provide greater support and will help spur the adoption of the new tests we develop and lead to improved client satisfaction and improved patient outcomes.

Anatomic Pathology

We are one of the leading providers of anatomic pathology services in the United States. We have traditionally been strongest in cytology, specifically in the analysis of Pap tests to detect cervical cancer. We led the industry in converting Pap testing to the use of liquid-based technology, a more effective means of screening for cervical cancer. We have also introduced computerized Pap screening which improves the accuracy of the cervical cytology report by decreasing the number of false negative and false positive results when compared to manual screening of a liquid based Pap test alone. We are among those leading the industry in educating physicians about human papilloma virus (“HPV”) molecular testing. The American College of Obstetricians and Gynecologists and the American Cancer Society recommend that women over 30 should be screened for HPV in addition to a Pap test. Anatomic pathology services and cytology services generated approximately 10% of our net revenues during 2006.

Risk Assessment Services

We believe that we are the largest provider of risk assessment services to the life insurance industry in the United States. Our risk assessment services comprise underwriting support services to the life insurance industry including teleunderwriting, specimen collection and paramedical examinations, laboratory testing, medical record retrieval, motor vehicle reports, telephone inspections and credit checks. The laboratory tests performed and data gathered by us are specifically designed to assist an insurance company in objectively evaluating the mortality and morbidity risks posed by policy applicants. The majority of the testing is performed on specimens of individual life insurance policy applicants, but also includes specimens of individuals applying for medical and disability policies. We also provide risk assessment services in Canada. We operate approximately 65 locations in the United States and Canada where we provide paramedical examinations. We also contract with third parties for these services at 160 locations across the United States.

Clinical Trials Testing

We believe that we are the world’s second largest provider of clinical laboratory testing performed in connection with clinical research trials on new drugs. Through our Focus Diagnostics subsidiary, we believe that we are the leading provider of clinical laboratory testing performed in connection with clinical research trials on vaccines. Clinical research trials are required by the FDA and other international regulatory authorities to assess the safety and efficacy of new drugs and vaccines. We have clinical trials testing centers in the United States and in the United Kingdom. We also provide clinical trials testing in Australia, China, Singapore and South Africa through arrangements with third parties. Clinical trials involving new drugs are increasingly being performed both inside and outside the United States. Approximately 53% of our net revenues from clinical trials testing in 2006 represented testing for GlaxoSmithKline plc, or GSK. We are the primary provider of testing to support GSK’s clinical trials testing requirements worldwide.

Other Services and Products

Our MedPlus subsidiary is a developer and integrator of clinical connectivity and data management solutions for healthcare organizations, physicians and clinicians primarily through its ChartMaxx® electronic medical record system for hospitals and our Care360 suite of products. The Care360 Physician Portal was developed by MedPlus and enables physicians to order diagnostic tests and review laboratory results from Quest Diagnostics online. In addition, the Care360 Physician Portal enables physicians to electronically prescribe medications, view clinical and administrative information from multiple sources, file certain documents into a patient-centric health record maintained in our repository and share confidential patient information with medical colleagues in a manner that is consistent with HIPAA privacy and security requirements.

See “Recent Acquisitions” for information concerning our recent acquisitions of HemoCue, Focus Diagnostics and Enterix.

During the third quarter of 2006 we discontinued the operations of Nichols Institute Diagnostics, which manufactured and marketed diagnostic test kits and systems primarily for esoteric testing.