

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 |
|---|---|-----------------|----------------------------------|----------------------|-------------------------------|---|-------------------|------------------------------|
| Balance, December 31, 2005 | 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) | |
| Balance, December 31, 2006 | 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 | | | | |
| Balance, December 31, 2007 | 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 | | | | | |
| Balance, December 31, 2008 | 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.