

**Quest Diagnostics Incorporated**  
**Calculation of Non-GAAP Financial Measures Included in the**  
**March 31, 2005 Earnings Release**

**Free Cash Flow**

Free cash flow represents net cash provided by operating activities less capital expenditures. Free cash flow is presented because management believes it is a useful adjunct to cash flow from operating activities and other measurements under accounting principles generally accepted in the United States since it is a meaningful measure of a company's ability to fund investing and certain financing activities. Free cash flow is not a measure of financial performance under accounting principles generally accepted in the United States and should not be considered as an alternative to cash flows from operating, investing or financing activities as an indicator of cash flows or as a measure of liquidity. The following table reconciles net cash provided by operating activities to free cash flow:

	<b>Three Months Ended March 31,</b>	
	<b>2005</b>	<b>2004</b>
	(in millions)	
Net cash provided by operating activities .....	\$ 136.0	\$ 110.7
Less: Capital expenditures .....	<u>55.4</u>	<u>45.1</u>
Free cash flow .....	<u>\$ 80.6</u>	<u>\$ 65.6</u>

**Diluted Earnings Per Common Share Before Special Charges For The Year Ended December 31, 2004**

Diluted earnings per common share before special charges for the year ended December 31, 2004, excludes the second quarter 2004 charges associated with the acceleration of certain pension obligations in connection with the CEO succession process and the refinancing of the Company's bank debt and credit facility. Diluted earnings per common share before special charges is presented because management believes it is a useful adjunct to other measurements under accounting principles generally accepted in the United States, including reported diluted earnings per common share since it is a meaningful measure of the Company's ongoing operating performance. Diluted earnings per common share before special charges is not a measure of financial performance under accounting principles generally accepted in the United States and should not be considered an alternative indicator of performance to reported diluted earnings per common share. The following table reconciles diluted earnings per common share before special charges to reported results:

	<b>Year Ended December 31, 2004</b>
Diluted earnings per common share before special charges .....	\$ 4.77
Less:	
Charge related to the acceleration of certain pension obligations .....	0.06
Debt refinancing charge .....	<u>0.02</u>
Diluted earnings per common share.....	<u>\$ 4.69</u>