

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 2003 through 2007 from the audited consolidated financial statements of our Company. 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" ("Issue 04-8"), effective December 31, 2004. Pursuant to Issue 04-8, we included the dilutive effect of our 1¾% 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. Effective January 1, 2006, the Company adopted Statement of Financial Accounting Standards, or SFAS, No. 123, revised 2004, "Share-Based Payment" ("SFAS 123R"), using the modified prospective approach and therefore has not restated results for prior periods. Under this approach, awards that are granted, modified or settled after January 1, 2006 will be measured and accounted for in accordance with SFAS 123R. Unvested awards that were granted prior to January 1, 2006 will continue to be accounted for in accordance SFAS No. 123, "Accounting for Stock-Based Compensation", as amended by SFAS 148, "Accounting for Stock-Based Compensation – Transition and Disclosure – an amendment to SFAS No. 123", except that compensation cost will be recognized in the Company's results of operations. During the third quarter of 2006, the Company completed its wind down of NID, a test kit manufacturing subsidiary, and classified the operations of NID as discontinued operations. The selected historical financial data presented below has been restated to report the results of NID as discontinued operations for all periods presented. 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,				
	<u>2007(a)</u>	<u>2006(b)</u>	<u>2005(c)</u>	<u>2004</u>	<u>2003(d)</u>
	(in thousands, except per share data)				
Operations Data:					
Net revenues.....	\$ 6,704,907	\$6,268,659	\$ 5,456,726	\$5,066,986	\$4,686,030
Operating income	1,091,336 (e)	1,128,077 (f)	1,007,548 (g)	880,854 (h)	784,691
Income from continuing operations.....	553,828	625,692 (i)	573,196 (j)	492,415 (k)	429,173
(Loss)/income from discontinued operations.....	(213,889)(l)	(39,271)(m)	(26,919)(n)	6,780	7,544
Net income	339,939	586,421	546,277	499,195	436,717
Earnings per common share – basic: (o)					
Income from continuing operations.....	\$ 2.87	\$ 3.18	\$ 2.84	\$ 2.42	\$ 2.07
(Loss)/income from discontinued operations.....	(1.11)	(0.20)	(0.13)	0.03	0.04
Net income	\$ 1.76	\$ 2.98	\$ 2.71	\$ 2.45	\$ 2.11
Earnings per common share – diluted: (o) (p)					
Income from continuing operations.....	\$ 2.84	\$ 3.14	\$ 2.79	\$ 2.32	\$ 1.99
(Loss)/income from discontinued operations.....	(1.10)	(0.20)	(0.13)	0.03	0.03
Net income	\$ 1.74	\$ 2.94	\$ 2.66	\$ 2.35	\$ 2.02
Dividends per common share (o).....	\$ 0.40	\$ 0.40	\$ 0.36	\$ 0.30	\$ 0.075
Balance Sheet Data (at end of year):					
Cash and cash equivalents	\$ 167,594	\$ 149,640	\$ 92,130	\$ 73,302	\$ 154,958
Accounts receivable, net.....	881,967	774,414	732,907	649,281	609,187
Goodwill, net	5,220,104	3,391,046	3,197,227	2,506,950	2,518,875
Total assets	8,565,693	5,661,482	5,306,115	4,203,788	4,301,418
Long-term debt.....	3,377,212	1,239,105	1,255,386	724,021	1,028,707
Total debt.....	3,540,793	1,555,979	1,592,225	1,098,822	1,102,657
Total stockholders' equity.....	3,324,242	3,019,171	2,762,984	2,288,651	2,394,694
Other Data:					
Net cash provided by operating activities.....	\$ 926,924	\$ 951,896	\$ 851,583	\$ 798,780	\$ 662,799
Net cash used in investing activities.....	(1,759,193)	(414,402)	(1,079,793)	(173,700)	(417,050)
Net cash provided by (used in) financing activities.....	850,223	(479,984)	247,038	(706,736)	(187,568)
Provision for doubtful accounts	300,226	243,443	233,628	226,310	228,222
Rent expense.....	170,788	153,185	139,660	132,883	120,748
Capital expenditures	219,101	193,422	224,270	176,125	174,641
Depreciation and amortization.....	237,879	197,398	176,124	168,726	153,903

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- (a) On January 31, 2007, we completed the acquisition of POCT Holding AB, (“HemoCue”). On May 31, 2007, we completed the acquisition of AmeriPath Group Holdings, Inc., (“AmeriPath”). Consolidated operating results for 2007 include the results of operations of HemoCue and AmeriPath subsequent to the closing of the applicable acquisition. See Note 3 to the Consolidated Financial Statements.
 - (b) On July 3, 2006, we completed the acquisition of Focus Technologies Holding Company, (“Focus Diagnostics”). On August 31, 2006, we completed the acquisition of Enterix Inc., (“Enterix”). Consolidated operating results for 2006 include the results of operations of Focus Diagnostics and Enterix subsequent to the closing of the applicable acquisition. See Note 3 to the Consolidated Financial Statements.
 - (c) On November 1, 2005, we completed the acquisition of LabOne, Inc., (“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.
 - (d) On February 28, 2003, we completed the acquisition of Unilab Corporation, (“Unilab”). Consolidated operating results for 2003 include the results of operations of Unilab subsequent to the closing of the acquisition.
 - (e) For 2007, operating income includes \$57 million of stock-based compensation expense recorded in accordance with SFAS 123R.
 - (f) For 2006, operating income includes \$55 million of stock-based compensation expense recorded in accordance with SFAS 123R and \$27 million of special charges, primarily associated with integration activities.
 - (g) For 2005, operating income includes 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.
 - (h) For 2004, operating income includes a \$10.3 million charge associated with the acceleration of certain pension obligations in connection with the succession of our prior CEO.
 - (i) Includes net charges of \$10 million related to net investment losses recorded during 2006.
 - (j) Includes a \$7.1 million charge associated with the write-down of an investment during 2005.
 - (k) Includes a \$2.9 million charge during 2004 representing the write-off of deferred financing costs associated with the refinancing of our then existing bank debt and credit facility.
 - (l) During 2007, we recorded charges of \$241 million related to the government investigation of NID. See Note 15 and Note 16 to the Consolidated Financial Statements.
 - (m) During 2006, we recorded \$32 million in charges related to the wind down of NID’s operations. See Note 16 to the Consolidated Financial Statements.
 - (n) During 2005, we recorded a \$16 million charge to write-off certain assets in connection with a product hold at NID.
 - (o) 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.
 - (p) Potentially dilutive common shares primarily include the dilutive effect of our 1³/₄% 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, performance share units 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.