

**QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES**

(in thousands, except per share data)

**Quarterly Operating Results (unaudited)**

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total Year</u>
<u>2007 (a) (b) (c)</u>					
Net revenue from continuing operations .....	\$1,526,208	\$1,641,156	\$1,767,070	\$1,770,473	\$6,704,907
Gross profit from continuing operations .....	594,423	672,414	740,472	727,750	2,735,059
Income from continuing operations ..	107,515	141,979	150,325	154,009	553,828
Loss from discontinued operations...	(1,622)	(647)	(52,360)	(159,260)	(213,889)
Net income (loss) .....	<u>\$ 105,893 (d)</u>	<u>\$ 141,332</u>	<u>\$ 97,965 (e)</u>	<u>\$ (5,251) (f)</u>	<u>\$ 339,939</u>
Earnings per common share basic					
Income from continuing operations ..	\$ 0.56	\$ 0.74	\$ 0.78	\$ 0.80	\$ 2.87
Loss from discontinued operations...	(0.01)	-	(0.27)	(0.83)	(1.11)
Net income (loss) .....	<u>\$ 0.55</u>	<u>\$ 0.74</u>	<u>\$ 0.51</u>	<u>\$ (0.03)</u>	<u>\$ 1.76</u>
Earnings per common share dilutive					
Income from continuing operations ..	\$ 0.55	\$ 0.73	\$ 0.77	\$ 0.79	\$ 2.84
Loss from discontinued operations...	(0.01)	-	(0.27)	(0.82)	(1.10)
Net income (loss) .....	<u>\$ 0.54</u>	<u>\$ 0.73</u>	<u>\$ 0.50</u>	<u>\$ (0.03)</u>	<u>\$ 1.74</u>
	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total Year</u>
<u>2006 (a)</u>					
Net revenue from continuing operations .....	\$1,553,105	\$1,583,082	\$1,583,202	\$1,549,270	\$6,268,659
Gross profit from continuing operations .....	636,945	656,385	649,467	629,856	2,572,653
Income from continuing operations ..	154,604	155,960	163,853	151,275	625,692
Loss from discontinued operations...	(9,967)	(23,984)	(3,331)	(1,989)	(39,271)
Net income .....	<u>\$ 144,637 (g)</u>	<u>\$ 131,976 (h)</u>	<u>\$ 160,522 (i)</u>	<u>\$ 149,286 (j)</u>	<u>\$ 586,421</u>
Earnings per common share basic					
Income from continuing operations ..	\$ 0.78	\$ 0.79	\$ 0.83	\$ 0.78	\$ 3.18
Loss from discontinued operations...	(0.05)	(0.12)	(0.02)	(0.01)	(0.20)
Net income .....	<u>\$ 0.73</u>	<u>\$ 0.67</u>	<u>\$ 0.81</u>	<u>\$ 0.77</u>	<u>\$ 2.98</u>
Earnings per common share dilutive					
Income from continuing operations ..	\$ 0.77	\$ 0.78	\$ 0.82	\$ 0.77	\$ 3.14
Loss from discontinued operations...	(0.05)	(0.12)	(0.02)	(0.01)	(0.20)
Net income .....	<u>\$ 0.72</u>	<u>\$ 0.66</u>	<u>\$ 0.80</u>	<u>\$ 0.76</u>	<u>\$ 2.94</u>

(a) During the third quarter of 2006, the Company completed its wind-down of NID and classified the operations of NID as discontinued operations. Results of operations have been prepared to report the results of NID as discontinued operations for all periods presented (see Note 16).

(b) In the fourth quarter of 2006, the Company announced that it would not be a national contracted provider of laboratory services to UNH beginning January 1, 2007 (see Note 17).

(c) On January 31, 2007, the Company completed the acquisition of HemoCue. On May 31, 2007, the Company completed the acquisition of AmeriPath. The quarterly operating results include the results of operations of HemoCue and AmeriPath subsequent to the closing of the applicable acquisitions.

(d) In the first quarter of 2007, the Company recorded \$10.7 million of costs associated with workforce reductions and a \$4 million charge related to in-process research and development expense associated with the acquisition of HemoCue.

- (e) In the third quarter of 2007, the Company recorded a charge of \$51 million associated with the government's investigation in connection with NID (see Note 15).
- (f) In the fourth quarter of 2007, the Company recorded a \$4.0 million charge associated with the write-down of an investment and \$190 million associated with the government's investigation in connection with NID (see Note 15).
- (g) In the first quarter of 2006, the Company recorded \$21 million in charges as a result of finalizing its plan of integration of LabOne, \$4.1 million in charges related to consolidating operations in California into a new facility and a \$15.8 million gain on the sale of an investment.
- (h) In the second quarter of 2006, the Company recorded \$28 million in charges as a result of discontinuing NID's operations and a \$12.3 million charge associated with the write-down of an investment.
- (i) In the third quarter of 2006, the Company recorded \$2.7 million in charges as a result of discontinuing NID's operations and a \$4.0 million charge associated with the write-down of an investment.
- (j) In the fourth quarter of 2006, the Company recorded an additional \$1.0 million in charges as a result of discontinuing NID's operations and a \$10.0 million charge associated with the write-down of an investment. During the fourth quarter of 2006, the Company revised its estimate of the number of performance share units expected to be earned at the end of the performance periods as a result of revising its estimates of projected performance and reduced stock-based compensation expense associated with performance share units by approximately \$8 million.