

Quest Diagnostics Incorporated
Consolidated Statement of Operations
(in millions, except per share data)

	Actual** 2013					Actual** 2014					Actual 2015				
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1**	Q2**	Q3	Q4	YTD
Net revenues	\$ 1,787	\$ 1,815	\$ 1,788	\$ 1,756	\$ 7,146	\$ 1,746	\$ 1,902	\$ 1,904	\$ 1,883	\$ 7,435	\$ 1,839	\$ 1,925	\$ 1,880	\$ 1,849	\$ 7,493
Operating costs and expenses:															
Cost of services	1,092	1,094	1,089	1,051	4,326	1,101	1,174	1,178	1,184	4,637	1,163	1,182	1,162	1,150	4,657
Selling, general, and administrative	448	418	423	415	1,704	415	440	446	427	1,728	419	429	402	429	1,679
Amortization of intangible assets	19	20	20	20	79	22	25	24	23	94	21	20	20	20	81
Gain on sale of royalty rights	-	-	(474)	-	(474)	-	-	-	-	-	-	-	-	-	-
Gain on contribution of business to joint venture	-	-	-	-	-	-	-	-	-	-	-	-	(334)	-	(334)
Other operating expense (income), net	1	(6)	41	-	36	-	1	-	(8)	(7)	8	(7)	(1)	11	11
Total operating costs and expenses	1,560	1,526	1,099	1,486	5,671	1,538	1,640	1,648	1,626	6,452	1,611	1,624	1,249	1,610	6,094
Operating income	227	289	689	270	1,475	208	262	256	257	983	228	301	631	239	1,399
Other income (expense):															
Interest expense, net	(40)	(40)	(40)	(39)	(159)	(39)	(42)	(41)	(42)	(164)	(45)	(37)	(35)	(36)	(153)
Other income (expense), net	4	-	3	1	8	1	3	(1)	1	4	(78)	(64)	(4)	3	(143)
Total non-operating expenses, net	(36)	(40)	(37)	(38)	(151)	(38)	(39)	(42)	(41)	(160)	(123)	(101)	(39)	(33)	(296)
Income from continuing operations before taxes and equity in earnings of equity method investees	191	249	652	232	1,324	170	223	214	216	823	105	200	592	206	1,103
Income tax expense	(73)	(95)	(245)	(87)	(500)	(65)	(87)	(82)	(28)	(262)	(42)	(78)	(239)	(14)	(373)
Equity in earnings of equity method investees, net of taxes	6	7	5	6	24	6	6	7	7	26	7	7	1	8	23
Income from continuing operations	124	161	412	151	848	111	142	139	195	587	70	129	354	200	753
Income from discontinued operations, net of taxes	20	13	2	-	35	-	-	-	5	5	-	-	-	-	-
Net Income	144	174	414	151	883	111	142	139	200	592	70	129	354	200	753
Less: Net Income attributable to noncontrolling interests	(8)	(9)	(9)	(8)	(34)	(7)	(9)	(10)	(10)	(36)	(9)	(11)	(12)	(12)	(44)
Net Income attributable to Quest Diagnostics	\$ 136	\$ 165	\$ 405	\$ 143	\$ 849	\$ 104	\$ 133	\$ 129	\$ 190	\$ 556	\$ 61	\$ 118	\$ 342	\$ 188	\$ 709
Amounts attributable to Quest Diagnostics' common stockholders:															
Income from continuing operations	\$ 116	\$ 152	\$ 403	\$ 143	\$ 814	\$ 104	\$ 133	\$ 129	\$ 185	\$ 551	\$ 61	\$ 118	\$ 342	\$ 188	\$ 709
Income from discontinued operations, net of taxes	20	13	2	-	35	-	-	-	5	5	-	-	-	-	-
Net income	\$ 136	\$ 165	\$ 405	\$ 143	\$ 849	\$ 104	\$ 133	\$ 129	\$ 190	\$ 556	\$ 61	\$ 118	\$ 342	\$ 188	\$ 709
Weighted average common shares outstanding - basic	158	153	150	146	152	144	144	145	145	145	144	144	144	143	144
Weighted average common shares outstanding - diluted	159	154	151	146	153	145	145	145	146	145	146	145	145	144	145
Diluted earnings per share attributable to Quest Diagnostics															
Company common stockholders:															
Income from continuing operations	\$ 0.72	\$ 0.99	\$ 2.66	\$ 0.97	\$ 5.31	\$ 0.71	\$ 0.92	\$ 0.88	\$ 1.26	\$ 3.78	\$ 0.42	\$ 0.81	\$ 2.35	\$ 1.29	\$ 4.87
Net income	\$ 0.85	\$ 1.07	\$ 2.68	\$ 0.97	\$ 5.54	\$ 0.71	\$ 0.92	\$ 0.88	\$ 1.29	\$ 3.81	\$ 0.42	\$ 0.81	\$ 2.35	\$ 1.29	\$ 4.87
Key statistics and other data															
Cost of sales as a percentage of net revenues	61.1%	60.2%	60.9%	59.9%	60.5%	63.1%	61.7%	61.9%	62.9%	62.4%	63.2%	61.4%	61.8%	62.2%	62.1%
Selling, general & administrative as a percentage of net revenues	25.1%	23.1%	23.7%	23.6%	23.9%	23.8%	23.1%	23.4%	22.6%	23.2%	22.8%	22.3%	21.4%	23.2%	22.4%
Operating Income as a percentage of net revenues	12.7%	15.9%	38.6%	15.3%	20.6%	11.9%	13.8%	13.4%	13.7%	13.2%	12.4%	15.6%	33.6%	12.9%	18.7%
Net Revenue Growth (Reduction)	-6.4%	-3.3%	-1.9%	-1.0%	-3.2%	-2.3%	4.8%	6.5%	7.2%	4.0%	5.3%	1.2%	-1.3%	-1.8%	0.8%
Diagnostic Information Services Revenue Growth (Reduction)	-6.7%	-3.6%	-2.4%	-0.7%	-3.4%	-2.1%	5.3%	7.1%	7.1%	4.3%	4.9%	0.4%	0.0%	0.4%	1.3%
Volume Growth (Reduction)	-3.4%	0.1%	2.0%	2.3%	0.2%	0.7%	7.7%	7.8%	8.8%	6.3%	5.6%	-0.4%	-0.2%	0.3%	1.2%
Revenue/requisition Growth (Reduction)	-3.4%	-3.7%	-4.3%	-3.0%	-3.6%	-2.8%	-2.3%	-0.6%	-1.5%	-1.8%	-0.7%	0.9%	0.2%	0.1%	0.1%
Bad Debt as a percentage of net revenues (continuing operations)	4.0%	3.7%	3.6%	3.7%	3.8%	4.3%	3.9%	4.0%	3.8%	4.0%	4.3%	4.1%	3.9%	3.5%	4.0%
Days sales outstanding	46	48	48	47	47	49	47	46	48	48	45	44	44	47	47
Depreciation (continuing operations)	\$ 51	\$ 52	\$ 48	\$ 52	\$ 203	\$ 53	\$ 57	\$ 54	\$ 56	\$ 220	\$ 57	\$ 55	\$ 57	\$ 54	\$ 223
Capital Spending	\$ 49	\$ 56	\$ 51	\$ 75	\$ 231	\$ 68	\$ 49	\$ 102	\$ 89	\$ 308	\$ 56	\$ 61	\$ 52	\$ 94	\$ 263
Cash Paid for Share Repurchases	\$ 62	\$ 450	\$ 482	\$ 43	\$ 1,037	\$ 32	\$ 25	\$ 25	\$ 50	\$ 132	\$ 110	\$ 39	\$ 25	\$ 50	\$ 224

*This financial information should be used in conjunction with financial statements included in forms 10K and 10Q.

** Reclassified to conform with current period presentation.

Quest Diagnostics Incorporated
Consolidated Balance Sheets
(in millions)

	Actual 2013				Actual 2014				Actual 2015			
	March 31	June 30	September 30	December 31 **	March 31	June 30	September 30	December 31 **	March 31	June 30	September 30	December 31
Assets												
Current assets:												
Cash and cash equivalents	\$ 134	\$ 148	\$ 158	\$ 187	\$ 144	\$ 144	\$ 170	\$ 192	\$ 974	\$ 150	\$ 123	\$ 133
Accounts receivable, net	930	947	921	852	977	963	953	932	949	937	914	901
Inventories	90	89	85	91	99	109	111	110	106	109	86	84
Deferred income taxes	159	159	153	148	153	164	165	169	158	161	165	-
Prepaid expenses and other current assets	98	126	109	105	115	125	164	186	188	173	194	207
Current assets held for sale	47	-	-	-	-	-	-	14	-	-	166	176
Total current assets	1,457	1,470	1,426	1,383	1,488	1,505	1,563	1,603	2,375	1,530	1,648	1,501
Property, plant and equipment, net	754	752	749	805	851	884	888	933	902	906	886	925
Goodwill	5,630	5,666	5,629	5,649	5,920	6,024	6,026	6,032	5,986	5,987	5,895	5,905
Intangible assets, net	899	929	904	896	1,078	1,117	1,095	1,071	1,041	1,022	1,004	984
Investment in equity method investees	-	-	-	45	-	-	-	46	-	-	478	473
Other assets	213	219	220	152	213	227	229	172	254	219	163	174
Non-current assets held for sale	353	-	-	-	-	-	-	-	55	56	-	-
Total assets	\$ 9,306	\$ 9,036	\$ 8,928	\$ 8,930	\$ 9,550	\$ 9,757	\$ 9,801	\$ 9,857	\$ 10,613	\$ 9,720	\$ 10,074	\$ 9,962
Liabilities and Stockholders' Equity												
Current liabilities:												
Accounts payable and accrued expenses	\$ 935	\$ 916	\$ 994	\$ 920	\$ 969	\$ 1,038	\$ 1,058	\$ 1,191	\$ 1,046	\$ 1,074	\$ 973	\$ 1,014
Short-term borrowings and current portion of long-term debt	254	375	245	212	223	220	132	518	1,043	168	160	159
Current liabilities held for sale	19	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	1,208	1,291	1,239	1,132	1,192	1,258	1,190	1,709	1,242	1,242	1,133	1,173
Long-term debt	3,147	3,122	3,122	3,102	3,724	3,738	3,732	3,224	3,688	3,568	3,571	3,492
Other liabilities	663	685	695	723	614	642	669	594	565	566	680	514
Non-current liabilities held for sale	60	-	-	-	-	-	-	-	-	-	-	-
Redeemable noncontrolling interest	-	-	-	-	-	-	-	-	-	-	69	70
Stockholders' equity:												
Quest Diagnostics stockholders' equity:												
Common stock, par value \$0.01 per share	2	2	2	2	2	2	2	2	2	2	2	2
Additional paid-in capital	2,365	2,327	2,306	2,379	2,381	2,394	2,406	2,418	2,427	2,444	2,469	2,481
Retained earnings	4,779	4,898	5,260	5,358	5,415	5,500	5,581	5,723	5,729	5,793	6,066	6,199
Accumulated other comprehensive income (loss)	10	(13)	(8)	(8)	(11)	(8)	(15)	(27)	(30)	(25)	(31)	(38)
Treasury stock, at cost	(2,956)	(3,303)	(3,718)	(3,783)	(3,795)	(3,796)	(3,792)	(3,815)	(3,885)	(3,900)	(3,917)	(3,960)
Quest Diagnostics stockholders' equity	4,200	3,912	3,843	3,948	3,992	4,092	4,182	4,301	4,243	4,314	4,589	4,684
Noncontrolling interests	27	27	29	25	28	27	28	29	28	30	32	29
Total stockholder's equity	4,227	3,939	3,872	3,973	4,020	4,119	4,210	4,330	4,271	4,344	4,621	4,713
Total liabilities and stockholders' equity	\$ 9,306	\$ 9,036	\$ 8,928	\$ 8,930	\$ 9,550	\$ 9,757	\$ 9,801	\$ 9,857	\$ 10,613	\$ 9,720	\$ 10,074	\$ 9,962

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** Reclassified to conform with current period presentation.

Quest Diagnostics Incorporated
Consolidated Statements of Cash Flows
(in millions)

	Actual 2013**				Actual 2014				Actual 2015			
	Three Months Ended March 31	Six Months Ended June 30	Nine Months Ended September 30	Year Ended December 31	Three Months Ended March 31	Six Months Ended June 30	Nine Months Ended September 30	Year Ended December 31	Three Months Ended March 31	Six Months Ended June 30	Nine Months Ended September 30	Year Ended December 31
	Cash flows from operating activities:											
Net income	\$ 144	\$ 318	\$ 732	\$ 883	\$ 111	\$ 253	\$ 392	\$ 592	\$ 70	\$ 199	\$ 553	\$ 753
Adjustments to reconcile net income (loss) to net cash provided by operating activities:												
Depreciation and amortization	70	142	211	283	75	156	235	314	78	153	230	304
Provision for doubtful accounts	72	139	204	270	75	148	224	296	79	158	232	297
Deferred income tax (benefit) provision	-	(11)	(3)	19	(10)	(26)	(21)	23	14	(5)	138	112
Stock compensation expense	5	17	24	28	12	25	38	51	12	27	39	52
Excess tax benefits from stock-based compensation arrangements	(1)	(3)	(4)	(4)	-	-	-	-	(2)	(3)	(4)	(5)
Non-cash portion of loss on extinguishment of debt	-	-	-	-	-	-	-	-	1	-	-	-
Gain on sale of royalty rights	-	-	(474)	(474)	-	-	-	-	-	-	-	-
Gain on contribution of business to joint venture	-	-	-	-	-	-	-	-	-	-	(334)	(334)
Other, net	(1)	(23)	17	19	(2)	(2)	(5)	(12)	6	(5)	(4)	6
Changes in operating assets and liabilities:												
Accounts receivable	(132)	(213)	(252)	(247)	(152)	(191)	(260)	(312)	(97)	(163)	(214)	(262)
Accounts payable and accrued expenses	(77)	(68)	(77)	(21)	(86)	(39)	20	68	(120)	(49)	(41)	(31)
Income taxes payable	(29)	(35)	77	(93)	70	44	22	(84)	10	17	(15)	(41)
Other assets and liabilities, net	(4)	(8)	(13)	(11)	(9)	(4)	(10)	2	1	(2)	(41)	(41)
Net cash provided by operating activities	47	255	442	652	84	364	635	938	52	327	539	810
Cash flows from investing activities:												
Business acquisitions, net of cash acquired	(90)	(180)	(180)	(213)	(567)	(723)	(725)	(728)	-	(6)	(41)	(67)
Capital expenditures	(49)	(105)	(156)	(231)	(68)	(117)	(219)	(308)	(56)	(117)	(169)	(263)
Proceeds from sale of businesses	-	266	296	296	-	-	-	-	-	-	-	-
Proceeds from sale of royalty rights	-	-	474	474	-	-	-	-	-	-	-	-
Investment in equity method investee	-	-	-	-	-	-	-	-	-	-	(37)	(33)
(Increase) decrease in investments and other assets	(1)	-	(2)	2	(1)	(1)	10	11	1	-	10	1
Net cash (used in) provided by investing activities	(140)	(19)	434	328	(636)	(841)	(934)	(1,025)	(55)	(123)	(237)	(362)
Cash flows from financing activities:												
Proceeds from borrowings	176	578	790	896	1,513	1,738	1,953	2,018	1,389	1,829	2,214	2,453
Repayments of debt	(132)	(415)	(757)	(900)	(923)	(1,159)	(1,466)	(1,647)	(440)	(1,821)	(2,235)	(2,537)
Purchases of treasury stock	(62)	(512)	(994)	(1,037)	(32)	(57)	(82)	(132)	(110)	(149)	(174)	(224)
Exercise of stock options	14	63	98	138	12	30	55	78	35	55	58	60
Excess tax benefits from stock-based compensation arrangements	1	3	4	4	-	-	-	-	2	3	4	5
Dividends paid	(48)	(95)	(141)	(185)	(43)	(91)	(139)	(187)	(48)	(103)	(158)	(212)
Distributions to noncontrolling interests	(3)	(13)	(21)	(32)	(3)	(14)	(23)	(31)	(10)	(19)	(28)	(42)
Sale of noncontrolling interest in subsidiary	-	-	-	-	-	-	-	-	-	-	51	63
Payment of deferred business acquisition consideration	-	-	-	-	-	-	-	-	-	-	(51)	(51)
Other financing activities	(6)	(10)	(7)	10	(15)	(13)	(16)	(7)	(33)	(41)	(52)	(22)
Net cash (used in) provided by financing activities	(60)	(401)	(1,030)	(1,106)	509	434	282	92	785	(246)	(371)	(507)
Net change in cash and cash equivalents	(153)	(165)	(155)	(126)	(43)	(43)	(17)	5	782	(42)	(69)	(59)
Change in cash and cash equivalents included in assets held for sale	(9)	17	17	17	-	-	-	-	-	-	-	-
Cash and cash equivalents, beginning of year	296	296	296	296	187	187	187	187	192	192	192	192
Cash and cash equivalents, end of period	\$ 134	\$ 148	\$ 159	\$ 187	\$ 144	\$ 144	\$ 170	\$ 192	\$ 974	\$ 150	\$ 123	\$ 133

*This financial information should be used in conjunction with financial statements included in forms 10K and 10Q.

** Reclassified to conform with current period presentation.

Quest Diagnostics Incorporated
Supplemental Revenue Information

(in millions)

	** 2014	2015
Revenue by product		
<i>Diagnostic information services revenues:</i>		
Gene-based and esoteric	1,676	1,754
Anatomic pathology	648	631
Total gene-based, esoteric and anatomic pathology	2,324	2,385
Routine	4,549	4,580
Total diagnostic information services revenues	6,873	6,965
 <i>Other</i>		
Total revenues	\$ 7,435	\$ 7,493

	** 2014	2015
Revenue by payer		
<i>Diagnostic information services revenues:</i>		
Managed care	3,511	3,558
Medicare & Medicaid	1,277	1,240
Hospital and reference laboratories	1,086	1,101
Patient	167	147
Physician and other	456	496
Employer	376	424
Total diagnostic information services revenues	6,873	6,965
 <i>Other</i>		
Total revenues	\$ 7,435	\$ 7,493

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** This financial information includes reclassifications to conform with the current year presentation.