Quest Diagnostics

Fourth Quarter and Full Year 2011

January 24, 2012

Safe Harbor Disclosure

This presentation may contain forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that they are made and which reflect management's current estimates, projections, expectations or beliefs and which involve risks and uncertainties that could cause actual results and outcomes to be materially different. Risks and uncertainties that may affect the future results of the company include, but are not limited to, adverse results from pending or future government investigations, lawsuits or private actions, the competitive environment, changes in government regulations, changing relationships with customers, payers, suppliers and strategic partners and other factors discussed in “Business,” “Risk Factors,” “Cautionary Factors that May Affect Future Results,” “Legal Proceedings,” “Management's Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosures About Market Risk” in the company's 2010 Annual Report on Form 10-K and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Quantitative and Qualitative Disclosures About Market Risk” and “Risk Factors” in the Company’s 2011 Quarterly Reports on Form 10-Q and other items throughout the Form 10-K and the Company's 2011 Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Key Messages

"During the fourth quarter, revenues grew 3%, adjusted earnings per share increased 19%, and cash flow remained strong. We continued to make progress in executing our growth plan and reducing costs.

"In 2011, we established a solid foundation of strategic assets and capabilities focused on cancer, cardiovascular disease, infectious disease and neurological disorders. In addition, we commenced a multi-year $500 million cost-reduction initiative and returned $1 billion in cash to our shareholders through a combination of share repurchases and dividends. Beginning in 2012, we are increasing our quarterly cash dividend by 70%, and today, we announced our Board of Directors has approved an additional $1 billion share repurchase authorization.

"We are well positioned for the future, and remain focused on increasing shareholder value."

Surya N. Mohapatra, Ph.D.
Chairman and Chief Executive Officer

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Q4 2011 Performance

Continuing operations ($ in millions - except EPS)

		Q4	Δ 2010
Revenues	$	1,879	3.0%
- Clinical Revenues	$	1,702	2.6%
- Rev/Req			2.2%
- Volume			0.4%
Operating Income *	$	336	7.3%
- % of Revenues		17.9%	70 bps
Income from Continuing Operations *	$	197	10.2%
Diluted EPS *	$	1.23	19.4%
Cash from operations	$	338	-

Revenue growth driven by the acquisitions of Athena and Celera.

Improvement driven primarily by actions taken to reduce our cost structure.

Year over year increase driven by revenue growth and actions taken to reduce our cost structure.

Fourth quarter results include a benefit of $0.08 per share in 2011 and $0.05 per share in 2010 associated with discrete tax items.

* Amounts represent adjusted measures that exclude restructuring and integration charges, CEO succession costs, and an employment litigation matter. See non-GAAP to GAAP reconciliation on page 9.

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Full Year 2011 Performance

Continuing operations ($ in millions - except EPS)

		YTD	Δ 2010
Revenues	$	7,510	1.9%
- Clinical Revenues	$	6,814	1.1%
- Rev/Req			1.1%
- Volume			0.1%
Operating Income *	$	1,324	(1.6%)
- % of Revenues		17.6%	(70 bps)
Income from Continuing Operations *	$	729	(3.3%)
Diluted EPS *	$	4.53	7.1%
Cash from operations	$	895	(19.9%)

Revenue growth driven by the acquisitions of Athena Diagnostics and Celera.

Year over year change due to lower organic revenue growth and investments in sales and service.

Year over year change reflects $935 million in share repurchases.

Cash from operations was reduced principally by the $241 million impact of the Medi-Cal settlement payment.

* Amounts represent adjusted measures that exclude the impact of the Medi-Cal charge, restructuring and integration charges, transaction costs related to the acquisitions of Athena Diagnostics and Celera, CEO succession costs, an employment litigation settlement, and the estimated impact of severe weather. See non-GAAP to GAAP reconciliation on page 10.

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2011 Accomplishments

- Completed the acquisitions of Athena Diagnostics and Celera that established a solid foundation in the four critical areas of cancer, cardiovascular disease, infectious disease and neurological disorders
- Gene-based and esoteric testing grew 11%
- Commenced a $500 million dollar multi-year cost-reduction program
- Industry-leading healthcare IT solutions continued to gain users
  - 200,000 physicians and clinicians now use our Care360™ platform for lab orders and results
  - Care360™ named top e-prescribing platform by Black Book Rankings
  - Care360™ EHR now in use by 4,400 physicians
- Returned $1 billion dollars to our shareholders through a combination of share repurchases and dividends

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Focus for 2012

- **Improve operating performance**
  - **Accelerate organic revenue growth**
  - **Establish a more efficient cost structure**
- **Disciplined capital deployment philosophy**

Operational investments	– Investments in technology to improve quality and efficiency – Routine capital expenditures
Capital structure	Maintain investment grade credit rating – De-lever to a debt/EBITDA of 2 - 2 ¼ times in 2012
Capital returns to shareholders	Return majority of FCF to shareholders through dividends and share repurchases, upon achieving targeted leverage ratio – Annual dividend rate increased by 70% to $0.68 per share – Share repurchases remain an important component of our capital deployment plan
Investments in growth	Near-term opportunities, guided by ROIC – Fold-in acquisitions – Science and innovation: licensing, collaborations, and internal development

2012 Outlook*

Revenue growth	2.0% to 2.5%
Operating income %	Approach 18%
EPS	$4.40 to $4.55
Cash from operations	~ $1.2 billion
Capex	~ $225 - $250 million

* Before special items

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Q4 2011 Reconciliation

	Three months ended December 31, 2011 (dollars in millions, except per share data)			
	As Reported	Restructuring and Integration Charges	CEO Succession Costs	As Adjusted
Operating income	$ 325.1	$ 5.7	$ 5.6	$ 336.4
Operating income as a % of net revenues	17.3%	0.3%	0.3%	17.9%
Income from continuing operations	189.9	3.5	3.4	196.8
Diluted earnings per common share	1.19	0.02	0.02	1.23

Adjusted amounts represent the Company's results before restructuring and integration charges, and CEO succession costs.

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2011 Full Year Reconciliation

	Twelve months ended December 31, 2011 (dollars in millions, except per share data)						
	As Reported	Medi-Cal Charge	Restructuring and Integration Charges	Transaction Costs	CEO Succession Costs	Severe Weather	As Adjusted
Operating income	$ 995.0	$ 236.0	$ 52.2	$ 16.9	$ 5.6	$ 18.5	$ 1,324.2
Operating income as a % of net revenues	13.2%	3.1%	0.7%	0.2%	0.1%	0.3%	17.6%
Income from continuing operations	472.2	194.7	32.0	15.2	3.4	11.3	728.8
Diluted earnings per common share	2.93	1.22	0.20	0.09	0.02	0.07	4.53

Adjusted amounts represent the Company's results before the impact of the Medi-Cal charge, restructuring and integration charges, transaction costs related to the acquisitions of Athena Diagnostics and Celera, CEO succession costs, and the estimated impact of severe weather.

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Q4 2010 Reconciliation

	Three months ended December 31, 2010 (dollars in millions, except per share data)			
	As Reported	Restructuring Charges	Employment Litigation Settlement	As Adjusted
Operating income	$ 294.2	$ 9.6	$ 9.6	$ 313.4
Operating income as a % of net revenues	16.1%	0.6%	0.5%	17.2%
Income from continuing operations	166.8	5.9	5.9	178.6
Diluted earnings per common share	0.97	0.03	0.03	1.03

Adjusted amounts represent the Company's results before restructuring charges, and an employment litigation settlement.

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2010 Full Year Reconciliation

	Twelve months ended December 31, 2010 (dollars in millions, except per share data)				
	As Reported	Severe Weather	Restructuring Charges	Employment Litigation Settlement	As Adjusted
Operating income	$ 1,295.5	$ 14.1	$ 27.0	$ 9.6	$ 1,346.2
Operating income as a % of net revenues	17.6%	0.2%	0.4%	0.1%	18.3%
Income from continuing operations	722.7	8.6	16.4	5.9	753.6
Diluted earnings per common share	4.06	0.05	0.09	0.03	4.23

Adjusted amounts represent the Company's results before the impact of restructuring charges, an employment litigation settlement, and the estimated impact of severe weather.

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