



First Quarter 2014

April 24, 2014

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 2013 Annual Report on Form 10-K and other items throughout the Form 10-K and the company's Current Reports on Form 8-K.

Key Messages

“We made progress executing our five-point strategy in the quarter, and saw signs of continued stabilization in underlying pricing, volume and revenue trends, despite the unusually harsh winter. We expect to show positive revenue growth beginning in the second quarter of 2014 and throughout the remainder of the year. We continue to make progress on our top priority of restoring growth, have completed three acquisitions so far this year and recently signed a laboratory professional services relationship with our first integrated delivery network. In addition, we are pleased that Congress took positive action in the recent legislation to provide needed clarity around timing and process for changes to the Clinical Lab Fee Schedule.”

Steve Rusckowski
President and Chief Executive Officer

Q1 2014 Performance

Continuing operations (\$ in millions - except EPS)

		Q1	Δ 2013	
Revenues	\$	1,746	(2.3%)	Rev/Req is lower by about 100 basis points each due to price erosion and our recent acquisitions, while changes in business mix accounted for the remainder. Volumes improved by 0.7%, inclusive of acquisitions, despite the unseasonably harsh winter in Q1 2014, which reduced volume by approximately 2%.
- DIS Revenues	\$	1,614	(2.1%)	
- Rev/Req			(2.8%)	
- Volume			0.7%	
Adjusted Operating Income *	\$	236	(13%)	Decrease in adjusted operating income was principally due to lower revenues which were negatively impacted by unseasonably harsh winter in Q1 2014, partially offset by continued progress with our Invigorate initiative.
- % of Revenues *		13.5%	(170 bps)	
Adjusted Income from Continuing Operations attributable to Quest Diagnostics stockholders*	\$	122	(15%)	Adjusted income from continuing operations and adjusted diluted EPS was lower than a year ago, largely due to lower revenues which were negatively impacted by unseasonably harsh winter in Q1 2014
Adjusted Diluted EPS *	\$	0.84	(6%)	
Cash Provided by Operating Activities	\$	84	79%	Cash from operations increased from 2013 due to a tax payment in Q1 2013 that had previously been deferred

* Amounts represent adjusted measures that exclude restructuring, integration and other charges . See reconciliations on pages 7 and 8.

Our 5 Point Strategy

1

- Restore: Restore Growth

2

- Drive: Drive operational excellence

3

- Simplify: Simplify the organization to enable growth and productivity

4

- Refocus: Refocus on diagnostic information services

5

- Deliver: Deliver disciplined capital deployment and strategically aligned accretive acquisitions

2014 Outlook*

- Revenues to increase 2% to 4% compared to the prior year.
- Adjusted Earnings per diluted share to be between \$3.95 and \$4.15.
- Cash provided by operations to approximate \$900 million.
- Capital expenditures to approximate \$300 million.

* Before special items.

Q1 2014 Reconciliation

Three Months Ended March 31, 2014
(dollars in millions, except per share data)

	As Reported	Restructuring and Integration Charges		Other	As Adjusted
		(a)	(b)		
Operating income.....	\$ 208	\$ 24	\$ 4	\$ 236	
Operating income as a % of net revenues.....	11.9%	1.4%	0.2%	13.5%	
Income from continuing operations attributable to Quest Diagnostics' stockholders (c).....	\$ 104	\$ 15	\$ 3	\$ 122	
Diluted earnings per common share	0.71	0.11	0.02	0.84	

(a) Represents costs primarily associated with workforce reductions and professional fees incurred in connection with further restructuring and integrating our business (\$12 million in cost of services and \$12 million in selling, general and administrative expenses).

(b) Principally represents costs incurred related to the settlement of a legal matter.

(c) For the restructuring, integration and other charges, income tax benefits, where recorded, were calculated using a combined federal and state rate of 38.2%.

Q1 2013 Reconciliation

Three Months Ended March 31, 2013
(dollars in millions, except per share data)

	Restructuring and Integration Charges		
	As Reported	(d)	As Adjusted
Operating income.....	\$ 227	\$ 45	\$ 272
Operating income as a % of net revenues.....	12.7%	2.5%	15.2%
Income from continuing operations attributable to Quest Diagnostics' stockholders (e).....	\$ 116	\$ 27	\$ 143
Diluted earnings per common share.....	0.72	0.17	0.89

(d) Represents costs primarily associated with workforce reductions and professional fees incurred in connection with further restructuring and integrating our business (\$18 million in cost of services and \$27 million in selling, general and administrative expenses).

(e) For the restructuring and integration charges, income tax benefits were calculated using a combined federal and state rate of 38.4%.



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