Second Quarter 2015

July 23, 2015

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Safe Harbor Disclosure

The statements in this presentation which are not historical facts may be 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 or strategic partners and other factors discussed in the Company's most recently filed Annual Report on Form 10-K and in any of the Company's subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, including those discussed in the "Business," "Risk Factors," "Cautionary Factors that May Affect Future Results" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of those reports.

Key Messages

"In the second quarter we once again grew operating income faster than revenues, demonstrating results from our five-point strategy. We are not just driving growth, we are driving profitable growth. Our strategies to restore growth and drive operational excellence are delivering both a better customer experience and earnings growth. An important element of restoring growth is to engage with healthcare systems around their lab strategy. Our recently announced acquisition of MemorialCare Health System's outreach business is another great example of this effort. Also, we have updated our outlook to reflect the clinical trials joint venture, and have maintained our full year EPS guidance."

Steve Rusckowski
President and Chief Executive Officer

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Q2 2015 Performance
($ in millions - except EPS)

		Q2	Δ 2014
Revenues	$	1,925	1.2%
- DIS Revenues	$	1,771	0.4%
- Rev/Req			0.9%
- Volume			(0.4)%
Adjusted Operating Income *	$	321	8.7%
- % of Revenues *		16.7%	120 bps
Adjusted Net Income *	$	170	8.3%
Adjusted Diluted EPS Excluding Amortization Expense *	$	1.25	5%
Adjusted Cash Provided by Operations *	$	324	15.8%

Consolidated revenues grew 1.2%. On an organic basis, consolidated revenues grew 0.8%. The increase in rev/req reflects growth in gene-based and esoteric testing and business mix shifts.

Increase in adjusted operating income and adjusted operating income as a % of revenues was primarily due to the benefits of our test and business mix shifts as well as benefits from our Invigorate program and other acquisition related synergies.

Adjusted net income and adjusted diluted EPS excluding amortization expense increased primarily as a result of improved operating performance.

Adjusted cash provided by operations increased due to improved operating performance.

* Adjusted operating income and adjusted net income represent results that exclude special items, such as charges on retirement of debt and related refinancing charges, restructuring and integration charges and other items. Adjusted diluted EPS excluding amortization expense represents results before the impact of special items and amortization expense. Adjusted cash provided by operations represents results that exclude the cash impact of charges on retirement of debt. See non-GAAP reconciliations on pages 8, 9, 10 and 11.

Q2 2015 YTD Performance
($ in millions - except EPS)

		YTD	Δ 2014
Revenues	$	3,764	3.2%
- DIS Revenues	$	3,463	2.6%
- Rev/Req			0.1%
- Volume			2.4%
Adjusted Operating Income *	$	590	11.0%
- % of Revenues *		15.7%	110 bps
Adjusted Net Income *	$	311	11.2%
Adjusted Diluted EPS Excluding Amortization Expense *	$	2.30	8.5%
Adjusted Cash Provided by Operations *	$	454	25.0%

Consolidated revenues grew 3.2%. On an organic basis, consolidated revenues grew 0.8%. DIS revenues and volume increased primarily due to acquisitions. Revenue per requisition benefited from test and business mix shifts.

Increase in adjusted operating income and adjusted operating income as a % of revenues was primarily due to the benefits of our test and business mix shifts as well as benefits from our Invigorate program and other acquisition related synergies.

Adjusted net income and adjusted diluted EPS excluding amortization expense increased primarily as a result of improved operating performance.

Adjusted cash provided by operations increased due to improved operating performance and lower days sales outstanding, which was partially offset by higher performance based compensation payments.

* Adjusted operating income and adjusted net income represent results that exclude special items, such as charges on retirement of debt and related refinancing charges, restructuring and integration charges and other items. Adjusted diluted EPS excluding amortization expense represents results before the impact of special items and amortization expense. Adjusted cash provided by operations represents results that exclude the cash impact of charges on retirement of debt. See non-GAAP reconciliations on pages 8, 9, 10 and 11.

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Our 5 Point Strategy

1
- Restore: Restore Growth

2
- Drive: Drive operational excellence

3
- Simplify: Simplify the organization

4
- Refocus: Refocus on diagnostic information services

5
- Deliver: Deliver disciplined capital deployment

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2015 Outlook*

- Full year 2015 revenue now expected to be between $7.49 billion and $7.57 billion.
- Adjusted diluted EPS excluding amortization expense to be between $4.70 and $4.85.
- Adjusted cash provided by operations to exceed $850 million.
- Capital expenditures to approximate $300 million.

* Before special items. See non-GAAP reconciliation on pages 12 and 13.

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Non-GAAP Reconciliations

The adjusted measures on pages 4 and 5 are presented because management believes those measures are useful adjuncts to reported results under accounting principles generally accepted in the United States when comparing results of operations from period to period. Adjusted measures should not be considered as an alternative to the corresponding measures determined under accounting principles generally accepted in the United States. The tables on pages 8, 9, 10 and 11 reconcile adjusted results to reported results under accounting principles generally accepted in the United States.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
	(dollars in millions, except per share data)			
Adjusted operating income:				
Operating income	$ 301	$ 262	$ 529	$ 470
Restructuring and integration charges (a)	23	27	54	51
Other (b)	(3)	7	7	11
Adjusted operating income	$ 321	$ 296	$ 590	$ 532
Adjusted operating income as a percentage of net revenues:				
Operating income as a percentage of net revenues	15.6%	13.8%	14.1%	12.9%
Restructuring and integration charges (a)	1.2	1.4	1.4	1.4
Other (b)	(0.1)	0.3	0.2	0.3
Adjusted operating income as a percentage of net revenues	16.7%	15.5%	15.7%	14.6%
Adjusted net income:				
Net income attributable to Quest Diagnostics	$ 118	$ 133	$ 179	$ 237
Charges on retirement of debt and related refinancing charges (c) (d)	41	—	94	—
Restructuring and integration charges (d)	14	19	33	34
Other (d)	(3)	5	5	8
Adjusted net income	$ 170	$ 157	$ 311	$ 279

Non-GAAP Reconciliations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(dollars in millions, except per share data)			
<u>Adjusted diluted EPS excluding amortization expense:</u>				
Diluted earnings per common share	$ 0.81	$ 0.92	$ 1.23	$ 1.63
Charges on retirement of debt and related refinancing charges (c) (d)	0.28	—	0.64	—
Restructuring and integration charges (a) (d)	0.10	0.13	0.22	0.24
Other (b) (d)	(0.02)	0.03	0.04	0.05
Amortization expense (e)	0.08	0.11	0.17	0.20
Adjusted diluted EPS excluding amortization expense	$ 1.25	$ 1.19	$ 2.30	$ 2.12
<u>Adjusted cash provided by operations:</u>				
Cash provided by operations	$ 275	$ 280	$ 327	$ 364
Cash charges on retirement of debt (f)	49	—	127	—
Adjusted cash provided by operations	$ 324	$ 280	$ 454	$ 364

Non-GAAP Reconciliations

(a) Represents costs primarily associated with workforce reductions and professional fees incurred in connection with further restructuring and integrating our business. The following table summarizes the impact of restructuring and integration charges on the company's consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
	(dollars in millions)			
Cost of services	$ 11	$ 11	$ 31	$ 23
Selling, general and administrative	12	16	23	28
	$ 23	$ 27	$ 54	$ 51

(b) For the three months ended June 30, 2015, primarily represents a gain of $13 million associated with a decrease in the fair value of the contingent consideration accrual associated with our Summit Health acquisition, partially offset by costs incurred related to legal matters and non-cash asset impairment charges. For the six month ended June 30, 2015, primarily represents non-cash asset impairment charges primarily associated with our Celera Products business and costs incurred related to legal matters, partially offset by a gain of $13 million associated with a decrease in the fair value of the contingent consideration accrual associated with our Summit Health acquisition.

For the three and six months ended June 30, 2014, principally represents costs incurred related to the settlement of legal matters.

Non-GAAP Reconciliations

(c) Charges on retirement of debt and related refinancing charges represent: charges associated with the March 2015 cash tender offer (the "Tender Offer") in which the company purchased $250 million aggregate principal amount of its 6.95% Senior Notes due July 2037 and 5.75% Senior Notes due January 2040; and charges associated with the April 2015 redemption (the "Redemption") in which the company redeemed all of its 5.45% Senior Notes due November 2015, $150 million of its 3.2% Senior Notes due April 2016 and all of its 6.4% Senior Notes due July 2017. The following table summarizes the impact of pre-tax charges on retirement of debt and related refinancing charges on the company's consolidated statements of operations:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(dollars in millions)			
Interest expense, net	$ 1	$ —	$ 6	$ —
Other (expense) income, net	65	—	144	—
	$ 66	$ —	$ 150	$ —

(d) For the charges on retirement of debt and related refinancing charges, income tax benefits were calculated such that the combined federal and state rate for the full year will be 40%. For the restructuring and integration charges and other items, income tax impacts, where recorded, were calculated using combined federal and state rates of 38.9% and 38.2% for 2015 and 2014, respectively.

(e) Represents the impact of amortization expense on diluted earnings per common share, net of the income tax benefit. The income tax benefit was calculated using combined federal and state rates of 38.9% and 38.2% for 2015 and 2014, respectively.

(f) Represents $146 million of pre-tax cash charges on retirement of debt in connection with our recent debt refinancing, net of the estimated cash tax benefit.

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2015 Outlook

The following table reconciles our 2015 outlook for adjusted diluted EPS excluding amortization expense and adjusted cash provided by operations to the corresponding amounts determined under accounting principles generally accepted in the United States:

	Low	High
Adjusted diluted EPS excluding amortization expense:		
Diluted earnings per common share	$ 3.43	$ 3.58
Charges on retirement of debt and related refinancing charges (a)	0.64	0.64
Restructuring and integration charges (b)	0.22	0.22
Other (c)	0.04	0.04
Amortization expense, net of tax (d)	0.37	0.37
Adjusted diluted EPS excluding amortization expense	$ 4.70	$ 4.85
Adjusted cash provided by operations:		
Cash provided by operations		$ 723
Cash charges on retirement of debt (e)		127
Adjusted cash provided by operations		$ 850

(a) Represents pre-tax charges of $150 million, incurred through June 30, 2015, associated with the retirement of debt and related refinancing charges in connection with the Tender Offer and Redemption.

(b) Represents pre-tax charges of $54 million primarily associated with workforce reductions and professional fees incurred in connection with further restructuring and integrating our business through June 30, 2015.

(c) Represents pre-tax charges of $20 million associated with non-cash impairment charges primarily associated with our Celera Products business and costs incurred related to legal matters, partially offset by a gain of $13 million associated with a decrease in the fair value of the contingent consideration accrual associated with our Summit Health acquisition through June 30, 2015.

(d) Represents the full year impact of amortization expense (including amortization expense associated with our equity in earnings of equity method investees), estimated at approximately $88 million or $54 million, net of an estimated tax benefit, on diluted earnings per common share.

(e) Represents pre-tax cash charges of $146 million on retirement of debt in connection with our recent debt refinancing, net of the estimated cash tax benefit through June 30, 2015.

2015 Outlook

1) The outlook for 2% to 3% revenue growth represents management's estimates for the full year 2015 versus reported full year 2014 revenues adjusted to exclude the third and fourth quarter 2014 clinical trials revenue. Effective July 1, 2015, the company's clinical trials business was contributed to the clinical trials joint venture, consequently our full year 2015 revenues will not include these revenues in the second half of 2015. Revenues for 2014 have been adjusted to exclude clinical trials revenues to provide an equivalent basis for our growth outlook. The following table reconciles our 2014 net revenues determined under accounting principles generally accepted in the United States with equivalent revenue for 2014:

	2014 Net Revenues
2014 reported revenue	$ 7,435
Excluded revenue (a)	(87)
2014 equivalent revenue	$ 7,348

<u>2015 Revenue Outlook</u>	**Low**	**High**
2014 equivalent revenue	$ 7,348	$ 7,348
Growth outlook	2%	3%
2015 revenue outlook	$ 7,490	$ 7,570

(a) The 2014 excluded revenue is comprised of $41 million and $46 million of clinical trials revenues reported in the third and fourth quarters of 2014, respectively.

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