

QUEST DIAGNOSTICS INC
Form 10-K
February 24, 2015
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934
For the Fiscal Year Ended December 31, 2014
Commission File Number 001-12215

Quest Diagnostics Incorporated
3 Giralda Farms
Madison, New Jersey 07940
(973) 520-2700
Delaware
(State of Incorporation)
16-1387862
(I.R.S. Employer Identification Number)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

[X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer Non-accelerated filer (do not check if a smaller reporting company)
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

As of June 30, 2014, the aggregate market value of the approximately 144 million shares of voting and non-voting common equity held by non-affiliates of the registrant was approximately \$8.5 billion, based on the closing price on such date of the registrant's Common Stock on the New York Stock Exchange.

As of January 31, 2015, there were outstanding 144,311,302 shares of the registrant's common stock, \$.01 par value.

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Documents Incorporated by Reference	Part of Form 10-K into
Document	which incorporated
Portions of the registrant's Proxy Statement to be filed by April 30, 2015	Part III
Such Proxy Statement, except for the portions thereof which have been specifically incorporated by reference, shall not be deemed "filed" as part of this report on Form 10-K.	

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Item 1. Business

Quest Diagnostics Incorporated is the world's leading provider of diagnostic testing information services. We provide insights that empower and enable patients, physicians, hospitals, integrated delivery networks (each an "IDN"), health plans, employers, accountable care organizations (each an "ACO") and others to make better healthcare decisions.

Quest Diagnostics was incorporated in Delaware in 1990; its predecessor companies date back to 1967. We conduct business through our headquarters in Madison, New Jersey, and our laboratories, patient service centers, offices and other facilities around the United States and in selected locations outside the United States. Unless the context otherwise requires, the terms "Quest Diagnostics," the "Company," "we" and "our" mean Quest Diagnostics Incorporated and its consolidated subsidiaries.

During 2014, we generated net revenues of \$7.4 billion and processed approximately 156 million test requisitions. Additional financial information concerning Quest Diagnostics, including our consolidated subsidiaries and businesses, for each of the years ended December 31, 2014, 2013 and 2012 is included in the consolidated financial statements and notes thereto in "Financial Statements and Supplementary Data" in Part II, Item 8.

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OUR STRATEGY AND STRENGTHS

In 2012, Quest Diagnostics launched a new vision, goals and strategy. Our vision is:

Empowering Better Health with Diagnostic Insights.

We have three aspirational goals:

- ▲ A healthier world;
- ◆ Build a valuable company; and
- Create an inspiring workplace.

Our values are: quality, integrity, accountability, innovation, collaboration and leadership.

Our Strategy

At our first-ever Investor Day in November 2012, we introduced a five-point business strategy to help us achieve our vision and our goals. As 2013 concluded, we revised the priority of the five points in the strategy, establishing restoring growth as our top priority. In 2014, we executed our strategy and, at our second Investor Day, in November 2014, we shared our progress on the strategy and the commitments that we made at our Investor Day in November 2012, reaffirmed our strategy and outlined our path forward.

Our five point strategy is:

- ◆ Restore growth
- ◆ Drive operational excellence
- ◆ Simplify the organization
- ◆ Refocus on diagnostic information services
- ◆ Deliver disciplined capital deployment

The discussion below focuses on our five-point strategy and our path forward.

1. Restore growth. We are pursuing seven opportunities to restore growth. Three of these opportunities have a near-term focus: sales and marketing excellence; grow esoteric testing through a disease focus; and provide professional lab services to hospitals and IDNs. The remaining four opportunities have a longer-term focus: lead in precision medicine; create value from information assets; leverage capabilities into extended care settings; and succeed internationally.

Since 2012, our efforts to foster sales and marketing excellence have progressed. We now maintain one commercial organization in our Diagnostic Information Services business, centrally led and focused on local customer needs. We employ world-class management discipline around processes, tools and measurement. We are investing in talent, providing sustained training and focusing on specialty opportunities, and have instilled a customer-focused, performance-driven culture.

We plan to grow by pursuing strategic partnerships with hospitals and IDNs. We believe that continued price transparency, cost and utilization pressure, and evolving healthcare payment models will drive demand for our expertise in a range of strategic partnerships. We offer a range of solutions, including reference testing, supply chain management, lab management outsourcing, outreach acquisition, other business solutions and joint ventures. We can help our partners to succeed, including by consolidating data and delivering insights, delivering test management solutions to improve care and help control cost and by providing patient-focused programs to enable effective management of care. We announced and implemented six new professional lab services relationships over the past

year.

In addition, we plan to grow esoteric testing revenues by creating value through scientific and product innovation and delivering comprehensive solutions for major clinical opportunities. We are more than just a laboratory: we seek to offer solutions using data information services and strategies that enable our customers to deliver the most effective healthcare to the right populations and individuals. Starting with a clinical focus on a specific disease state or clinical problem, we pursue opportunities to create value by providing holistic solutions centered on evidence-supported standards of care, and to combine routine, guideline mandated testing with esoteric solutions. We take advantage of advanced technology for more precise, comprehensive and useful information, and integrate our extensive clinical data to help manage populations and target health care solutions.

Our clinical franchise organizations, working with our research and development team, focus on these opportunities and coordinate with our commercial organization to deliver new and improved solutions. The eight clinical franchise

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organizations focus on: cancer; cardiovascular, metabolic and endocrinology; infectious disease and immunology; neurology; prescription drug monitoring and toxicology; sports diagnostics; general health and wellness; and women's and reproductive health. Our franchises are designed to enable us to act like a boutique service provider while maintaining the advantages of our scale, and identify and tap growing market segments so that we more wisely deploy our resources and target opportunities.

Our comprehensive solutions for hepatitis c (from screening to treatment and monitoring), the growth of our prescription drug monitoring and general health and wellness businesses, and as we enter the era of precision medicine, the 2014 launch of our OncoVantage™ solution in partnership with Memorial Sloan Kettering Cancer Center, are recent examples of our strategy and the power of our clinical franchises to help us deliver new solutions and grow organically.

In 2013, we launched a multi-year initiative, Project Restore, to identify, prioritize, resource and implement a wide range of activities designed to create consistent, profitable growth. For example, the program leverages centralized analytics and best practice teams to improve sales and marketing effectiveness, reduce attrition and bring to local teams lessons learned across the enterprise. The investments that we've made and our efforts to improve our sales and marketing effectiveness, grow esoteric testing through our clinical franchise organizations and pursue strategic partnerships with hospitals, ACOs and IDNs have yielded positive results. In 2014, we restored growth, primarily through acquisitions. Our goal is to achieve and ultimately exceed market growth rates.

2. Drive operational excellence. To enhance operational excellence, we are focused on delivering a superior customer experience and driving cost excellence across every portion of our value chain, from the time that we receive an order until the time we receive payment, including in our supporting operations. Improving our operations will yield many benefits, including: enhancing customer satisfaction, employee engagement and shareholder value; improving our quality and competitiveness; and strengthening our foundation for growth.

We have made strong progress driving operational excellence, improving our quality and efficiency and improving our overall customer experience. For example, since 2012, we have consolidated contact centers by nearly 75% and enhanced our supply chain management, resulting in improved performance and greater efficiencies. The 2014 opening of our new laboratory facility in Marlborough, MA, consolidating work from multiple legacy labs onto a standard, more efficient, state-of-the-art platform, is an example of the opportunities that we see to drive operational excellence.

Our cost excellence program, Invigorate, has consisted of several flagship programs, with structured plans in each, to drive savings and improve performance across the customer value chain. These flagship programs include: organization excellence; information technology excellence; procurement excellence; service excellence; lab excellence; and billing excellence. Invigorate delivered more than \$200 million in realized savings in 2014. We also exited 2014 with run-rate savings of more than \$700 million, compared to 2011, surpassing the updated Invigorate goal of \$600 million goal in run-rate savings by the end of 2014, compared to 2011.

In November 2014, we announced a goal to deliver an additional \$600 million in run-rate savings as we exit 2017. Achieving this goal would bring the total savings from the Invigorate initiative to \$1.3 billion in run-rate savings, compared to 2011. In addition to flagship program opportunities, we identified new key opportunities to change how we operate, in order to meet this goal. These new key opportunities include: standardizing our processes, information technology systems, equipment and data; enhancing electronic enabling services; and enhancing reimbursement for work we perform. We believe that our efforts to standardize our information technology systems, equipment and data also will foster our efforts to restore growth, supporting the value creation initiatives of our clinical franchises by enhancing our operational flexibility, empowering and enhancing the customer experience, facilitating the delivery of actionable insights and bolstering our large data platform.

3. Simplify the organization to enable growth and productivity. In 2012, we concluded that our organization was not structured to align well with our objectives. Previously, the organization was too complex, and it failed to let the Company take advantage of its scale and capabilities. In 2013 and 2014, we revised our senior management team; it now is composed of both executives who joined the Company prior to our current President and Chief Executive Officer and executives who joined thereafter. We also restructured our organization to eliminate silos in our core business, provide for leadership in defined geographies and eliminate three unnecessary management layers. Our new organization is designed to align around future growth opportunities, to align upstream and downstream units in our business for seamless execution and to leverage our company-wide infrastructure to gain more capability, value and efficiency.

We introduced the Quest Management System to manage our Company. This system not only provides a foundation for day-to-day management, including best-in-class business performance tools, but also helps us to develop the capabilities that we need to manage the Company. The system supports our efforts as we build a high-performance culture, with employees focused on behaviors to make us more agile, transparent, customer-focused, collaborative and performance oriented. We

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continue to simplify the organization, and our processes, to better focus on our customers, speed decision-making and to empower employees.

4. Refocus on diagnostic information services. We have a sharp focus on diagnostic information services. Since 2012, we have sold our OralDNA salivary diagnostics business, our HemoCue and Enterix diagnostic products businesses and ibrutinib royalty rights, generating approximately \$800 million of proceeds. We continue to consider options for several other assets, including our products businesses.

5. Deliver disciplined capital deployment and strategically aligned accretive acquisitions. We are focused on increasing shareholder returns and returns on invested capital (“ROIC”) through a framework that encompasses improving operating performance and disciplined capital deployment.

Our disciplined capital deployment framework includes dividends, share repurchases and investment in our business and is intended to improve ROIC. The framework is grounded in maintaining an investment grade credit rating. We expect to return a majority of our free cash flow to investors through a combination of dividends and share repurchases. Consistent with that expectation, in January 2015 we announced that we increased our quarterly common stock dividend by 15%, from \$0.33 per common share to \$0.38 per common share. This represents our fourth increase in the dividend since 2011. We believe that the dividend can grow over time. We also believe that opportunities may arise to return incremental capital to shareholders from free cash flow as a result of portfolio actions. Since 2012, we have returned more than \$1 billion to stockholders through repurchases of our common stock.

We will continue to invest in our business in a disciplined manner. We have established a solid foundation of strategic assets and capabilities. We expect to generate 1 to 2 percent revenue growth per year through value-creating, strategically-aligned acquisitions using disciplined investment criteria. We screen potential acquisitions using guidelines that assess strategic fit and financial considerations, including value creation, ROIC and impact on our earnings. Since 2012, we have invested approximately \$1 billion in seven acquisitions. In 2014, we closed acquisitions of Solstas Lab Partners, significantly expanding our diagnostic information services business in the southeastern United States, and Summit Health, expanding our health and wellness services.

Our additional near-term investments in growth are likely to focus on investments in innovation in the form of licensing, collaborations and internal development to grow esoteric testing, tools to support commercial excellence and Project Restore. We also expect to make investments to improve operational excellence, including, for example, systems standardization and automation, footprint optimization and Project Invigorate.

Our Strengths

We offer high value diagnostic information services and diagnostic solutions, including those grounded in pathology and gene-based and esoteric testing, that are attractive to patients, physicians, hospitals, health plans, IDNs, ACOs, employers and others. We believe that customers and payers prefer providers that offer a comprehensive and innovative range of tests and services and the most convenient access to those services and that, by offering such services, we strengthen our market offering, market position and reputation.

We believe that we are well positioned to grow and continue to lead:

- we have unmatched size, scale and capabilities;
- we are a leader in providing innovation and diagnostic insights;
- we have a strong focus on quality and providing a superior customer experience; and
- we are a high value, low cost provider.

Our assets and capabilities. We are the world leader in the diagnostic information services business. We estimate that we have delivered more than 20 billion test results over the past decade. We are the leading provider in the United States of routine and gene-based and esoteric testing services, including anatomic pathology. We serve approximately one-third of the adult population of the United States annually, and approximately one-half of the adult population in the United States over a 3-year period. We have the leading test menu in the industry. We offer national access and have the most extensive network in the United States. Our nationwide specimen collection network includes over 2,200 of our own patient service centers and, in addition, over 4,000 phlebotomists in physician offices. We have a team of paramedical examiners, and another team of health and wellness professionals, including nursing professionals; these teams can be mobilized to support different business initiatives. We provide interpretive consultation through the one of the largest medical and scientific staffs in the industry, including over 700 M.D.s and Ph.D.s, primarily located in the United States, many of whom are recognized leaders in their field, and genetic counselors. We estimate that we serve approximately half of the physicians and half of the hospitals in the

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United States, and provide healthcare connectivity solutions to over 250,000 physician and hospital accounts. We have strong logistics capabilities, including approximately 3,000 courier vehicles and approximately 25 aircraft that collectively make tens of thousands stops daily.

Innovation. We are a leading innovator in diagnostic information services with outstanding medical and technical expertise. We continue to introduce new tests and services, including many with a focus on personalized and targeted medicine. Our capabilities include early discovery, technology development and clinical validation of diagnostic tests. We develop tests at our laboratories, such as Quest Diagnostics Nichols Institute and Athena Diagnostics.

In addition, through our relationships, we believe that we are a leader in bringing innovation to the market. As the industry leader with the largest and broadest U.S. network and presence outside the United States, we believe we are the distribution channel of choice for developers of new tests, including the academic and medical communities, as well as pharmaceutical and biotechnology firms, to introduce their products to the marketplace. We also collaborate with partners that can help us to achieve our vision of empowering better health through diagnostic insights, including leading academic centers, and maintain relationships with advisers and consultants who are leaders in key fields of science and medicine. We also are working with other key groups and organizations, including world class healthcare leaders, to foster important advances in health care, including in precision medicine. Some good examples of our collaborations include:

- our collaboration with the University of California, San Francisco, the nation's leading university focused exclusively on health, to accelerate the translation of biomedical research into advanced diagnostics in the field of precision medicine. This collaboration has the overarching aim of enabling holistic and integrated diagnostic solutions that close gaps in care or enable new clinical value, with initial focus areas including autism, oncology, neurology and women's health.
- our collaboration with the U.S. Centers for Disease Control and Prevention ("CDC") to improve public health analysis of hepatitis C screening, diagnosis and treatment, based on analysis of our database of national hepatitis C virus ("HCV") diagnostic information.
- our participation in studies sponsored by the National Institutes of Health (e.g., NIH National Children Study).
- our OncoVantagTM solid tumor mutation testing services, based on our collaboration with Memorial Sloan Kettering Cancer Center.

Our medical and scientific experts publish research that demonstrates the clinical value and importance of diagnostic testing, including in connection with our research and development efforts. In 2014, they authored nearly 150 publications, including approximately 85 articles in peer-reviewed journals, that provided insights into diagnostic testing, introduced novel diagnostic approaches benefiting patients or provided the latest thinking in laboratory testing and disease diagnosis. These publications addressed such topics as chikungunya virus, rheumatoid arthritis and the role of genetics in seizure disorders. Our experts also help to shape the latest thinking as the authors of textbooks, or chapters therein, used by academic institutions to train healthcare providers. Our experts also participate on scientific committees determining guidelines for diagnostic usage in a number of fields, such as HIV, HCV and testosterone testing. We also publish Quest Diagnostics Health TrendsTM reports identifying trends in disease and wellness. Recent reports focused on prescription drug misuse, coagulation testing, cervical disease, vitamin D, and cardiac health.

We see significant opportunity to use diagnostic information services to personalize treatment options based on the individual profile of each patient, including their genetic profile. For example, we offer an “end-to-end” array of services for companion diagnostics. We have expertise dealing with biomarkers in clinical trials and biomarker discovery capabilities, and can make available laboratory developed tests, in vitro diagnostics (“IVD”) test kits and late-stage commercialization support for companion diagnostics for new therapies that will foster personalized patient treatment.

We successfully transfer technical innovations to the market through our relationships with technology developers, including the academic community and pharmaceutical and biotechnology firms, our in-house expertise and our collaborations, including with emerging medical technology companies that develop and commercialize novel diagnostics, pharmaceutical and device technologies. For example, in 2014 we introduced access to a new companion test service for two treatments for melanoma developed by bioMerieux, a leader in the field of in vitro diagnostics. We search for new opportunities and continue to build a robust pipeline of new solutions. Through our strengths in assay development and the commercialization of test services, we believe that we are the partner of choice for developers of new technologies and tests to introduce their products to the marketplace.

Information Technology. We have a history of providing leading information technology for diagnostic information services, including solutions that help healthcare organizations and physicians enter, share and access clinical information

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without costly information technology implementation or significant workflow disruption, and technology solutions to enable patients to manage their healthcare and medical information. Good examples of this include our Care360® products, national Care 360® healthcare provider network and MyQuest® by Care360® patient healthcare portal, which allows patients to, among other things, use their smartphone or computer to receive and archive their Quest Diagnostics test results, manage their personal health information, find a Quest Diagnostics location and schedule appointments. We were the first national diagnostic information services provider to offer patient appointment scheduling and a patient mobile application.

We see opportunities to leverage information technology and data to empower better health through diagnostic insights. We are working on information technology solutions designed to:

- enhance the customer experience, including ease of use and patient and provider engagement;
- deliver more precise, comprehensive solutions and actionable information;
- provide increased and interactive insights and analytics to patients and providers;
- foster greater adherence to clinical and reimbursement guidelines;
- promote population health solutions;
- tap the potential of large amounts of clinical information; and
- otherwise foster precision medicine.

We believe that these solutions are consistent with and promote our strategy, enhance the value we provide to our customers and will result in increased customer loyalty.

Strong quality and a positive customer experience. We strive to provide the highest quality in all that we do. We are implementing the Quest Management System, including standard frameworks and methodologies for project and change management, to manage our Company. This system not only provides a foundation for day-to-day management, including best-in-class business performance tools, but also helps us to develop the capabilities that we need to manage the Company. We have a culture of continuous improvement. Employing root cause analysis, process improvements and rigorous tracking and measuring, we seek to enhance quality, continuously reduce defects, streamline processes, further increase the efficiency of our operations and processes, eliminate waste and help standardize operations across our Company. We use Hoshin management principles in our efforts to achieve breakthrough performance. We use customer insights in our solutions development, listening to the voice of internal and external customers in all our business processes.

The customer is at the center of everything we do. Customers have a choice when it comes to selecting a healthcare provider and we strive to give them reason to put their trust in us. Focusing on a thorough understanding of customer needs and requirements, we seek to identify and adopt best practices that will result in a superior customer experience. We are striving to provide a superior customer experience for all our customers, because we believe that this will drive customer loyalty.

BUSINESS OPERATIONS

The Company is made up of two businesses: Diagnostic Information Services and Diagnostic Solutions. Our Diagnostic Information Services business, comprised of two parts, develops and delivers diagnostic testing, information and services to patients, physicians, health plans, hospitals, ACOs, IDNs, employers and others. The value creation side of the business, organized by clinical franchise, focuses on customer solutions for the marketplace, including new test development and upstream marketing. The value delivery side includes sales and downstream marketing, routine and esoteric laboratory operations, field operations, logistics and client services. Diagnostic Solutions includes our other businesses, including central laboratory testing for pharmaceutical and medical device clinical trials, risk assessment services, diagnostic products and healthcare information technology.

Our Diagnostics Information Services business is the leading provider of diagnostic information services, which includes providing clinical testing services such as routine testing, gene-based and esoteric testing, anatomic pathology services and drugs-of-abuse testing, as well as related services and insights. We offer the broadest access in the United States to diagnostic information services through our nationwide network of laboratories, Company-owned patient service centers and phlebotomists in physician offices. We provide interpretive consultation through the largest medical and scientific staff in the industry.

In our Diagnostic Solutions group, we offer a variety of solutions for insurers, healthcare providers and others. We are the leading provider of risk assessment services for the life insurance industry. We also are a leading provider of testing for clinical trials. In addition, we offer healthcare organizations and clinicians robust information technology solutions and diagnostic products.

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We leverage our capabilities and assets to serve multiple customer bases. Most of our services are provided in the United States. For each of the years ended December 31, 2014, 2013 and 2012, we derived approximately 2% of our net revenues from foreign operations. For the years ended December 31, 2014 and 2013, less than 1% of our long-lived assets were held outside the United States, and for the year ended December 31, 2012, less than 1% (excluding the HemoCue assets held for sale) and 6% (including the HemoCue assets held for sale), respectively, of our long-lived assets were held outside the United States. The following chart shows the percentage of our 2014 net revenues generated by the activities identified.

Activity	Approximate Percentage of 2014 Net Revenues
Diagnostic information services	92
Routine clinical testing services	55
Gene-based, esoteric and anatomic pathology testing services	34
Forensic drugs-of-abuse testing services	3
Diagnostic Solutions: Healthcare information technology, clinical trials testing, risk assessment services and diagnostic products	8

Diagnostic Information Services

Background - clinical testing.

Clinical testing is an essential element in the delivery of healthcare services. Physicians use clinical testing to assist in the detection, diagnosis, evaluation, monitoring and treatment of diseases and other medical conditions. Clinical testing is generally categorized as clinical laboratory testing and anatomic pathology services.

Clinical laboratory testing generally is performed on whole blood, serum, plasma and other body fluids, such as urine, and specimens such as microbiology samples. Clinical laboratory tests which can be performed by most clinical laboratories are considered routine. Routine testing measures various important bodily health parameters such as the functions of the kidney, heart, liver, thyroid and other organs. Commonly ordered tests include blood chemistries, urinalysis, allergy tests and complete blood cell counts.

Esoteric tests are clinical laboratory tests that are not routine. Esoteric tests include procedures in the areas of molecular diagnostics, protein chemistry, cellular immunology and advanced microbiology. These tests may require professional “hands-on” attention from highly-skilled technical personnel, generally require more sophisticated technology, equipment or materials and may be performed less frequently than routine tests. Consequently, esoteric tests generally are reimbursed at higher levels than routine tests. It is not practical, from a cost-effectiveness or infrastructure perspective, for most hospitals, IDNs, ACOs, commercial laboratories or physician office laboratories to develop and perform a broad menu of esoteric tests, or to perform low-volume esoteric testing in-house. Such tests generally are outsourced to an esoteric clinical testing laboratory, which specializes in performing these complex tests. Commonly ordered esoteric tests include viral and bacterial detection tests, drug therapy monitoring tests, gene-based tests, autoimmune panels and complex cancer evaluations. Esoteric tests increasingly are ordered by physicians to assist them in the diagnostic process, to establish a prognosis and to choose or monitor a therapeutic regimen.

Anatomic pathology services are performed on tissues, such as biopsies, and other samples, such as human cells. Anatomic pathology involves the diagnosis of cancer and other diseases and medical conditions through examination of tissue and cell samples taken from patients.

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Our services.

We are the world's largest provider of diagnostic information services. We provide information and insights based on clinical testing, including routine, esoteric, gene-based and anatomic pathology testing, and related services. We are the leading provider of routine, esoteric and gene-based and anatomic pathology testing in the world, and offer customers the broadest access to the most extensive test menu. We provide testing services to physicians, hospitals, ACOs, IDNs, other commercial laboratories, patients and other customers. We are a leading provider of infectious disease diagnostic information services and strive to be the first to provide diagnostic solutions for emerging infectious diseases, including our Focus Diagnostics® offerings for West Nile Virus, SARS and Influenza A H1N1. We have leading positions in the neurology diagnostics market, in advanced cardiovascular diagnostic information services, including our CardioIQ® offering, and in cancer diagnostics, including the Leumeta® family of tests for leukemia and lymphoma. Increasingly, we are focused on providing solutions and insights to our customers, based on the testing that we perform.

We also are a leader in providing testing for the detection of employee use of drugs of abuse, offering a full range of solutions, including urine, hair, blood and oral fluid tests. Our Quest Diagnostics Drug Testing Index™, which is an annual report of our aggregate drug testing results, is cited by employers, the federal government and the media to help identify and quantify drug abuse among the nation's workforce.

We also offer a range of health and wellness services. We offer wellness testing and analytic services, such as our Blueprint for Wellness® program, to employers to enable them and their employees to take an active role in improving their health and containing costs. As a result of our 2014 acquisition of Summit Health, we also are a leading provider of on-site prevention and wellness services that health plans and health-improvement companies can resell to employers and other clients.

We believe that offering services, solutions and insights based on a full range of tests will strengthen our market offering, market position and reputation. Our experienced medical staff has a passion for providing the highest quality service to our customers. Our in-house experts, including medical directors, scientific directors, genetic counselors and board certified geneticists, provide medical and scientific consultation regarding our tests and test results, and help physicians and others best utilize these tests to improve patient outcomes and enhance patient satisfaction. Our approach fosters personalized patient care.

We have built advanced testing capabilities, including gene-based testing services for the predisposition, diagnosis, treatment and monitoring of cancers and other diseases. We provide integrated, comprehensive diagnostic information services that include both anatomic pathology and clinical pathology testing, enabling our pathologists to offer patients and physicians a complete analysis. We offer hundreds of esoteric tests, including but not limited to the following fields:

- endocrinology and metabolism (the study of hormones and their effects on body growth and metabolism);
- genetics (the study of chromosomes, genes and their