UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2025

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-12215

Quest Diagnostics Incorporated

Delaware	**16-1387862**
(State of Incorporation)	(I.R.S. Employer Identification Number)

500 Plaza Drive
Secaucus, NJ 07094

(973) 520-2700

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 Par Value	DGX	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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 October 15, 2025, there were outstanding 111,242,362 shares of the registrant’s common stock, $.01 par value.

PART I - FINANCIAL INFORMATION

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(unaudited)
(in millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2024**	**2025**	**2024**
Net revenues	$ 2,816	$ 2,488	$ 8,229	$ 7,251
Operating costs and expenses and other operating income:				
Cost of services	1,867	1,677	5,474	4,865
Selling, general and administrative	501	448	1,463	1,304
Amortization of intangible assets	39	32	117	90
Other operating expense, net	23	1	5	7
Total operating costs and expenses, net	2,430	2,158	7,059	6,266
Operating income	386	330	1,170	985
Other income (expense):				
Interest expense, net	(66)	(49)	(200)	(136)
Other income, net	8	15	18	27
Total non-operating expense, net	(58)	(34)	(182)	(109)
Income before income taxes and equity in earnings of equity method investees	328	296	988	876
Income tax expense	(77)	(65)	(233)	(205)
Equity in earnings of equity method investees, net of taxes	8	6	35	14
Net income	259	237	790	685
Less: Net income attributable to noncontrolling interests	14	11	43	36
Net income attributable to Quest Diagnostics	$ 245	$ 226	$ 747	$ 649
Earnings per share attributable to Quest Diagnostics’ common stockholders:				
Basic	$ 2.18	$ 2.01	$ 6.66	$ 5.80
Diluted	$ 2.16	$ 1.99	$ 6.57	$ 5.74
Weighted average common shares outstanding:				
Basic	112	112	112	111
Diluted	113	113	113	112

The accompanying notes are an integral part of these statements.

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(unaudited)
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2024**	**2025**	**2024**
Net income	$ 259	$ 237	$ 790	$ 685
Other comprehensive income (loss):				
Foreign currency translation adjustment	(24)	1	48	(4)
Net deferred gain on cash flow hedges, net of taxes	—	3	—	3
Other comprehensive (loss) income	(24)	4	48	(1)
Comprehensive income	235	241	838	684
Less: Comprehensive income attributable to noncontrolling interests	14	11	43	36
Comprehensive income attributable to Quest Diagnostics	$ 221	$ 230	$ 795	$ 648

The accompanying notes are an integral part of these statements.

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2025 AND DECEMBER 31, 2024
(unaudited)
(in millions, except per share data)

	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 432	$ 549
Accounts receivable, net of allowance for credit losses of $26 and $29 as of September 30, 2025 and December 31, 2024, respectively	1,456	1,304
Inventories	186	188
Prepaid expenses and other current assets	333	351
Total current assets	2,407	2,392
Property, plant and equipment, net	2,145	2,113
Operating lease right-of-use assets	649	651
Goodwill	8,901	8,856
Intangible assets, net	1,662	1,763
Investments in equity method investees	137	123
Other assets	296	255
Total assets	$ 16,197	$ 16,153
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,457	$ 1,394
Current portion of long-term debt	504	602
Current portion of long-term operating lease liabilities	173	173
Total current liabilities	2,134	2,169
Long-term debt	5,171	5,615
Long-term operating lease liabilities	534	535
Other liabilities	982	938
Commitments and contingencies		
Redeemable noncontrolling interest	81	83
Stockholders' equity:		
Quest Diagnostics stockholders' equity:		
Common stock, par value $0.01 per share; 600 shares authorized as of both September 30, 2025 and December 31, 2024; 162 shares issued as of both September 30, 2025 and December 31, 2024	2	2
Additional paid-in capital	2,355	2,361
Retained earnings	9,837	9,360
Accumulated other comprehensive loss	(40)	(88)
Treasury stock, at cost; 51 shares as of both September 30, 2025 and December 31, 2024	(4,896)	(4,857)
Total Quest Diagnostics stockholders' equity	7,258	6,778
Noncontrolling interests	37	35
Total stockholders' equity	7,295	6,813
Total liabilities and stockholders' equity	$ 16,197	$ 16,153

The accompanying notes are an integral part of these statements.

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(unaudited)
(in millions)

	Nine Months Ended September 30,	
	2025	2024
Cash flows from operating activities:		
Net income	$ 790	$ 685
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	425	358
Provision for credit losses	2	4
Deferred income tax expense (benefit)	118	(21)
Stock-based compensation expense	63	61
Other, net	37	17
Changes in operating assets and liabilities:		
Accounts receivable	(153)	(140)
Accounts payable and accrued expenses	113	(102)
Income taxes payable	(1)	31
Other assets and liabilities, net	27	(23)
Net cash provided by operating activities	1,421	870
Cash flows from investing activities:		
Business acquisitions, net of cash acquired	(51)	(1,781)
Capital expenditures	(369)	(302)
Other investing activities, net	(20)	37
Net cash used in investing activities	(440)	(2,046)
Cash flows from financing activities:		
Proceeds from borrowings	410	1,846
Repayments of debt	(1,011)	(302)
Purchases of treasury stock	(150)	—
Exercise of stock options	61	52
Employee payroll tax withholdings on stock issued under stock-based compensation plans	(44)	(24)
Dividends paid	(263)	(247)
Distributions to noncontrolling interest partners	(43)	(35)
Other financing activities, net	(61)	(36)
Net cash (used in) provided by financing activities	(1,101)	1,254
Effect of exchange rate changes on cash and cash equivalents and restricted cash	3	—
Net change in cash and cash equivalents and restricted cash	(117)	78
Cash and cash equivalents and restricted cash, beginning of period	549	686
Cash and cash equivalents and restricted cash, end of period	$ 432	$ 764

The accompanying notes are an integral part of these statements.

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024
(unaudited)
(in millions)

For the Three Months Ended September 30, 2025		**Quest Diagnostics Stockholders' Equity**						
	Shares of Common Stock Outstanding	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Compre-hensive Loss**	**Treasury Stock, at Cost**	**Non-controlling Interests**	**Total Stock-holders' Equity**
Balance, June 30, 2025	112	$ 2	$ 2,332	$ 9,682	$ (16)	$ (4,772)	$ 37	$ 7,265
Net income				245			12	257
Other comprehensive loss, net of taxes					(24)			(24)
Dividends declared				(90)				(90)
Distributions to noncontrolling interest partners							(12)	(12)
Issuance of common stock under benefit plans			2			6		8
Stock-based compensation expense			20					20
Exercise of stock options			2			21		23
Shares to cover employee payroll tax withholdings on stock issued under stock-based compensation plans			(1)			(1)		(2)
Purchases of treasury stock	(1)					(150)		(150)
Balance, September 30, 2025	111	$ 2	$ 2,355	$ 9,837	$ (40)	$ (4,896)	$ 37	$ 7,295

For the Nine Months Ended September 30, 2025		**Quest Diagnostics Stockholders' Equity**						
	Shares of Common Stock Outstanding	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Compre-hensive Loss**	**Treasury Stock, at Cost**	**Non-controlling Interests**	**Total Stock-holders' Equity**
Balance, December 31, 2024	111	$ 2	$ 2,361	$ 9,360	$ (88)	$ (4,857)	$ 35	$ 6,813
Net income				747			37	784
Other comprehensive income, net of taxes					48			48
Dividends declared				(270)				(270)
Distributions to noncontrolling interest partners							(35)	(35)
Issuance of common stock under benefit plans	1		(52)			73		21
Stock-based compensation expense			63					63
Exercise of stock options			3			62		65
Shares to cover employee payroll tax withholdings on stock issued under stock-based compensation plans			(20)			(24)		(44)
Purchases of treasury stock	(1)					(150)		(150)
Balance, September 30, 2025	111	$ 2	$ 2,355	$ 9,837	$ (40)	$ (4,896)	$ 37	$ 7,295

The accompanying notes are an integral part of these statements.

For the Three Months Ended September 30, 2024		Quest Diagnostics Stockholders' Equity						
	Shares of Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Compre-hensive Loss	Treasury Stock, at Cost	Non-controlling Interests	Total Stock-holders' Equity
Balance, June 30, 2024	111	$ 2	$ 2,314	$ 9,080	$ (19)	$ (4,760)	$ 39	$ 6,656
Net income				226			10	236
Other comprehensive income, net of taxes					4			4
Dividends declared				(84)				(84)
Distributions to noncontrolling interest partners							(17)	(17)
Issuance of common stock under benefit plans			1			6		7
Stock-based compensation expense			19					19
Exercise of stock options	1		1			23		24
Shares to cover employee payroll tax withholdings on stock issued under stock-based compensation plans						(1)		(1)
Acquisition of additional ownership interest in subsidiary			(3)					(3)
Balance, September 30, 2024	112	$ 2	$ 2,332	$ 9,222	$ (15)	$ (4,732)	$ 32	$ 6,841

For the Nine Months Ended September 30, 2024		Quest Diagnostics Stockholders' Equity						
	Shares of Common Stock Outstanding	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Compre-hensive Loss	Treasury Stock, at Cost	Non-controlling Interests	Total Stock-holders' Equity
Balance, December 31, 2023	111	$ 2	$ 2,320	$ 8,825	$ (14)	$ (4,826)	$ 35	$ 6,342
Net income				649			32	681
Other comprehensive loss, net of taxes					(1)			(1)
Dividends declared				(252)				(252)
Distributions to noncontrolling interest partners							(35)	(35)
Issuance of common stock under benefit plans			(40)			60		20
Stock-based compensation expense			61					61
Exercise of stock options	1					52		52
Shares to cover employee payroll tax withholdings on stock issued under stock-based compensation plans			(6)			(18)		(24)
Acquisition of additional ownership interest in subsidiary			(3)					(3)
Balance, September 30, 2024	112	$ 2	$ 2,332	$ 9,222	$ (15)	$ (4,732)	$ 32	$ 6,841

The accompanying notes are an integral part of these statements.

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(in millions, unless otherwise indicated)

1. DESCRIPTION OF BUSINESS

Background

Quest Diagnostics Incorporated and its subsidiaries ("Quest Diagnostics" or the "Company") work across the healthcare ecosystem to create a healthier world, one life at a time. The Company's diagnostic information services ("DIS") business provides diagnostic insights from the results of its laboratory testing to empower people, physicians, and organizations to take action to improve health outcomes. Derived from one of the world's largest databases of de-identifiable clinical lab results, the Company's diagnostic insights reveal new avenues to identify and treat disease, inspire healthy behaviors and improve healthcare management. In the right hands and with the right context, the Company's diagnostic insights can inspire actions that transform lives and create a healthier world. The Company provides services to a broad range of customers within its primary customer channels - physicians (including those associated with accountable care organizations ("ACOs") and Federally Qualified Health Centers ("FQHCs")), hospitals, and patients and consumers. Other customers include health plans, employers, emerging retail healthcare providers, government agencies, pharmaceutical companies and other commercial clinical laboratories. The Company offers broad access to clinical testing through a network of laboratories, patient service centers, phlebotomists in physician offices, and connectivity resources, including call centers and mobile phlebotomists, nurses and other health and wellness professionals. The Company's large in-house staff of medical and scientific experts, including medical directors, scientific directors, genetic counselors and board-certified geneticists, provide medical and scientific consultation to healthcare providers and patients regarding the Company's tests and test results, and help them best utilize Quest Diagnostics' services to improve outcomes and enhance satisfaction. The Company's Diagnostic Solutions ("DS") group, which represents the balance of the Company's consolidated net revenues, includes the Company's risk assessment services business, which offers solutions for insurers, and the Company's healthcare information technology businesses, which offer solutions for healthcare providers and payers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The interim unaudited consolidated financial statements reflect all adjustments which in the opinion of management are necessary for a fair statement of results of operations, comprehensive income, financial condition, cash flows and stockholders' equity for the periods presented. Except as otherwise disclosed, all such adjustments are of a normal recurring nature. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year. These interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company’s 2024 Annual Report on Form 10-K. The year-end balance sheet data was derived from the audited consolidated financial statements as of December 31, 2024 but does not include all the disclosures required by accounting principles generally accepted in the United States (“GAAP”).

The accounting policies of the Company are the same as those set forth in Note 2 to the audited consolidated financial statements contained in the Company’s 2024 Annual Report on Form 10-K.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Earnings Per Share

The Company's unvested restricted stock units that contain non-forfeitable rights to dividends are participating securities and, therefore, are included in the earnings allocation in computing earnings per share using the two-class method. Basic earnings per common share is calculated by dividing net income attributable to Quest Diagnostics, adjusted for earnings allocated to participating securities, by the weighted average number of common shares outstanding. Diluted earnings per common share is calculated by dividing net income attributable to Quest Diagnostics, adjusted for earnings allocated to participating securities, by the weighted average number of common shares outstanding after giving effect to all potentially dilutive common shares outstanding during the period. Potentially dilutive common shares include the dilutive effect of outstanding stock options and performance share units granted under the Company's Amended and Restated Employee Long-Term Incentive Plan (“ELTIP”) and its Amended and Restated Non-Employee Director Long-Term Incentive Plan (“DLTIP”), as well as the dilutive effect of accelerated share repurchase agreements, if applicable. Earnings allocable to participating securities include the portion of dividends declared as well as the portion of undistributed earnings during the period allocable to participating securities.

New Accounting Standards to be Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued a new accounting standard which will require companies to make additional income tax disclosures. The pronouncement is effective for annual filings for the year ended December 31, 2025. The Company does not expect the adoption of this standard to have a material impact on its results of operations, financial position or cash flows.

In November 2024, the FASB issued a new accounting standard which will require companies to disaggregate certain income statement expenses. The pronouncement is effective for annual filings for the year ended December 31, 2027 and for interim periods within the year ended December 31, 2028. The Company does not expect the adoption of this standard to have a material impact on its results of operations, financial position or cash flows.

In September 2025, the FASB issued a new accounting standard which impacts internal-use software accounting by removing all references to software development project stages such that the guidance is neutral to different software development methods. The pronouncement is effective for annual filings for the year ended December 31, 2028 and for interim periods within such year. The Company is currently evaluating the impact of the standard.

In July 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted. The OBBBA makes permanent key elements of the Tax Cuts and Jobs Act of 2017, including 100% bonus depreciation, domestic research cost expensing and the business interest expense limitation, among other tax changes. Many of the tax provisions of the OBBBA are designed to accelerate tax deductions, which could lead to lower cash tax payments. The new legislation has multiple effective dates, with certain provisions effective in 2025 and others in the future. While the Company continues to assess the impact of the tax provisions of the OBBBA on its consolidated financial statements, the Company currently believes that the tax provisions of the legislation are not expected to have a material impact on the Company’s statement of operations. The Company's consolidated deferred income tax liabilities as of September 30, 2025 and December 31, 2024 were $378 million and $278 million, respectively. The increase was principally due to the domestic research cost expensing and bonus depreciation elements of the OBBBA.

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(unaudited)
(in millions, unless otherwise indicated)

3. EARNINGS PER SHARE

The computation of basic and diluted earnings per common share was as follows (in millions, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Amounts attributable to Quest Diagnostics' common stockholders:				
Net income attributable to Quest Diagnostics	$ 245	$ 226	$ 747	$ 649
Less: Earnings allocated to participating securities	2	1	4	3
Earnings available to Quest Diagnostics' common stockholders – basic and diluted	$ 243	$ 225	$ 743	$ 646
Weighted average common shares outstanding – basic	112	112	112	111
Effect of dilutive securities:				
Stock options and performance share units	1	1	1	1
Weighted average common shares outstanding – diluted	113	113	113	112
Earnings per share attributable to Quest Diagnostics' common stockholders:				
Basic	$ 2.18	$ 2.01	$ 6.66	$ 5.80
Diluted	$ 2.16	$ 1.99	$ 6.57	$ 5.74

The following securities were not included in the calculation of diluted earnings per share due to their antidilutive effect:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Stock options and performance share units	—	—	—	1

4. RESTRUCTURING ACTIVITIES AND IMPAIRMENT CHARGES

Invigorate Program

The Company is engaged in a multi-year program called Invigorate, which includes structured plans to drive savings and improve productivity across the value chain, including in such areas as patient services, logistics and laboratory operations, revenue services, information technology and procurement. The Invigorate program aims to deliver 3% annual cost savings and productivity improvements to partially offset pressures from the current inflationary environment, including labor and benefit cost increases and reimbursement pressures. The Company is leveraging automation and artificial intelligence to improve productivity and also improve quality across the entire value chain, not just in the laboratory. Other areas of focus include reducing denials and patient concessions, enhancing the digital experience, and selecting and retaining talent.

Restructuring and Impairment Charges

The following table provides a summary of the Company's pre-tax restructuring and impairment charges for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Employee separation costs	$ 6	$ 7	$ 18	$ 21
Asset impairment charges	5	—	29	—
Total restructuring and impairment charges	$ 11	$ 7	$ 47	$ 21

The Company's pre-tax restructuring charges for the three and nine months ended September 30, 2025 included $6 million and $18 million, respectively, of employee separation costs associated with various workforce reduction initiatives as the Company continued to restructure its organization. Additionally, during the three and nine months ended September 30, 2025, the Company recorded impairment charges of $5 million and $29 million, respectively, on certain long-lived assets related to the exit of a business. Of the total restructuring and impairment charges incurred during the three months ended September 30, 2025, $2 million, $4 million and $5 million were recorded in cost of services, selling, general and administrative expenses and other operating expense, net, respectively. Of the total restructuring and impairment charges incurred during the nine months ended September 30, 2025, $8 million, $10 million and $29 million were recorded in cost of services, selling, general and administrative expenses, and other operating expense, net, respectively.

The Company's pre-tax restructuring charges for the three and nine months ended September 30, 2024 were $7 million and $21 million, respectively, entirely related to employee separation costs associated with various workforce reduction initiatives as the Company continued to restructure its organization. Of the total restructuring charges incurred during the three months ended September 30, 2024, $4 million and $3 million were recorded in cost of services and selling, general and administrative expenses, respectively. Of the total restructuring charges incurred during the nine months ended September 30, 2024, $12 million and $9 million were recorded in cost of services and selling, general and administrative expenses, respectively.

Charges for all periods presented were primarily recorded in the Company's DIS business.

The restructuring liability as of September 30, 2025 and December 31, 2024, which is included in accounts payable and accrued expenses, was $14 million and $13 million, respectively.

5. BUSINESS ACQUISITIONS

Acquisition of LifeLabs

On August 23, 2024, the Company acquired all of the issued and outstanding common shares of LifeLabs Inc. and all of the partnership interests of BPC Lab Finance LP (collectively, "LifeLabs") in an all-cash transaction for approximately CAN $1.35 billion (approximately USD $1 billion), net of cash acquired. LifeLabs provides laboratory diagnostic information and digital health connectivity systems in Canada. The Company recorded the assets acquired and liabilities assumed based on a preliminary purchase price allocation. During the nine months ended September 30, 2025, the Company finalized its purchase price allocation and recorded a $9 million increase to deferred income tax assets and a corresponding decrease to goodwill. The measurement period adjustment did not impact the Company's consolidated results of operations.

The following unaudited pro forma combined financial information reflects the consolidated statement of operations of the Company as if the acquisition of LifeLabs had occurred as of January 1, 2023. The pro forma information includes adjustments primarily related to the amortization of acquired intangible assets, interest expense associated with debt of LifeLabs which was extinguished prior to the acquisition, interest expense associated with senior notes issued to fund the acquisition, the impact on depreciation expense of recording acquired property, plant and equipment at fair value, and transaction costs related to the LifeLabs acquisition. The pro forma combined financial information does not include the estimated annual synergies expected to be realized upon completion of the integration of LifeLabs and therefore is not indicative of the results of operations as they would have been had the transaction been effected on the assumed date (in millions, except per share data).

(in millions, unless otherwise indicated)

	Three Months Ended September 30, 2024	Nine Months Ended September 30, 2024
Pro forma net revenues	$ 2,588	$ 7,700
Pro forma net income attributable to Quest Diagnostics	$ 222	$ 647
Pro forma earnings per share attributable to Quest Diagnostics' common stockholders:		
Basic	$ 1.97	$ 5.78
Diluted	$ 1.95	$ 5.72

Acquisition of select assets of Spectra Laboratories

During February 2025, the Company entered into a definitive agreement to acquire select clinical testing assets and select dialysis-related water testing assets of Fresenius Medical Care's wholly-owned Spectra Laboratories, a leading provider of renal-specific laboratory testing services in the U.S.

On August 4, 2025, the acquisition of the select clinical testing assets closed and the Company paid $34 million of cash consideration for such business. Based on the preliminary purchase price allocation, which may be revised as additional information becomes available during the measurement period, the assets acquired and liabilities assumed primarily consist of $25 million of tax-deductible goodwill and $9 million of customer-related intangible assets. The intangible assets are being amortized over a useful life of 15 years.

The acquisition of the select dialysis-related water testing assets is expected to close by the end of 2025 and such closing remains subject to customary closing conditions.

The acquisition was accounted for under the acquisition method of accounting. As such, the assets acquired and liabilities assumed were recorded based on their estimated fair values as of the closing date. Supplemental pro forma combined financial information has not been presented as the impact of the acquisition is not material to the Company's consolidated financial statements. The goodwill recorded primarily includes the expected synergies resulting from combining the operations of the acquired entity with those of the Company and the value associated with an assembled workforce and other intangible assets that do not qualify for separate recognition. All of the goodwill acquired in connection with the acquisition has been allocated to the Company's DIS business. For further details regarding business segment information, see Note 12.

For details regarding the Company's 2024 acquisitions, see Note 6 to the audited consolidated financial statements in the Company's 2024 Annual Report on Form 10-K.

Venture with Corewell Health

During August 2025, the Company and Corewell Health signed a definitive agreement to enter into a venture which will perform laboratory testing in the state of Michigan via a new laboratory facility. Equity ownership of the venture will be shared 51% by Quest and 49% by Corewell Health. The parties expect to complete the transaction during the first quarter of 2026 and they expect to construct a new laboratory facility to be operational during 2027. The transaction is subject to customary closing conditions.

(in millions, unless otherwise indicated)

6. FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table provides a summary of the recognized assets and liabilities that are measured at fair value on a recurring basis:

		Basis of Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets/Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs
September 30, 2025	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Deferred compensation trading securities	$ 82	$ 82	$ —	$ —
Cash surrender value of life insurance policies	72	—	72	—
Equity investments	3	3	—	—
Fixed-to-variable interest rate swaps	18	—	18	—
Total	$ 175	$ 85	$ 90	$ —
Liabilities:				
Deferred compensation liabilities	$ 152	$ —	$ 152	$ —
Contingent consideration	114	—	—	114
Total	$ 266	$ —	$ 152	$ 114
Redeemable noncontrolling interest	$ 81	$ —	$ —	$ 81

		Basis of Fair Value Measurements		
December 31, 2024	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Deferred compensation trading securities	$ 72	$ 72	$ —	$ —
Cash surrender value of life insurance policies	64	—	64	—
Total	$ 136	$ 72	$ 64	$ —
Liabilities:				
Deferred compensation liabilities	$ 140	$ —	$ 140	$ —
Contingent consideration	106	—	—	106
Fixed-to-variable interest rate swaps	34	—	34	—
Total	$ 280	$ —	$ 174	$ 106
Redeemable noncontrolling interest	$ 83	$ —	$ —	$ 83

A detailed description regarding the Company's fair value measurements is contained in Note 7 to the audited consolidated financial statements in the Company's 2024 Annual Report on Form 10-K.

The Company offers certain employees the opportunity to participate in a non-qualified supplemental deferred compensation plan. A participant's deferrals, together with Company matching credits, are invested in a variety of participant-directed stock and bond mutual funds that are classified as trading securities. The trading securities are classified within Level

1 of the fair value hierarchy because the changes in the fair value of these securities are measured using quoted prices in active markets based on the market price per unit multiplied by the number of units held, exclusive of any transaction costs. A corresponding adjustment for changes in fair value of the trading securities is also reflected in the changes in fair value of the deferred compensation obligation. The deferred compensation liabilities are classified within Level 2 of the fair value hierarchy because their inputs are derived principally from observable market data by correlation to the trading securities.

The Company offers certain employees the opportunity to participate in a non-qualified deferred compensation program. A participant's deferrals, together with Company matching credits, are “invested” at the direction of the employee in a hypothetical portfolio of investments which are tracked by an administrator. The Company purchases life insurance policies, with the Company named as beneficiary of the policies, for the purpose of funding the program's liability. Changes in the cash surrender value of the life insurance policies are based upon earnings and changes in the value of the underlying investments. Changes in the fair value of the deferred compensation obligation are derived using quoted prices in active markets based on the market price per unit multiplied by the number of units. The cash surrender value and the deferred compensation obligation are classified within Level 2 of the fair value hierarchy because their inputs are derived principally from observable market data by correlation to the hypothetical investments. Deferrals under the plan currently may only be made by participants who made deferrals under the plan in 2017.

The Company's investment portfolio primarily includes equity investments comprised mostly of strategic holdings in companies concentrated in the life sciences and healthcare industries. Equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) with readily determinable fair values are measured at fair value in prepaid expenses and other current assets in the Company's consolidated balance sheet. Such equity investments are classified within Level 1 of the fair value hierarchy because the changes in the fair values of the securities are measured using quoted prices in active markets based on the market price per share multiplied by the number of shares held, exclusive of any transaction costs.

The fair value measurements of the Company's fixed-to-variable interest rate swaps, classified within Level 2 of the fair value hierarchy, are model-derived valuations as of a given date, in which all significant inputs are observable in active markets including certain financial information and certain assumptions regarding past, present and future market conditions.

During June 2023, the Company acquired Haystack Oncology, Inc. ("Haystack"), an early-stage oncology company focused on minimal residual disease testing to aid in the detection of residual or recurring cancer and better inform therapy decisions. In connection with the acquisition there is a contingent consideration obligation under which the seller can receive up to $100 million of additional consideration dependent upon the achievement of certain revenue benchmarks through 2028 and up to an additional $50 million of consideration dependent upon the Company receiving reimbursement coverage from the Centers for Medicare and Medicaid Services ("CMS"). The portion of the contingent consideration obligation which is dependent upon the achievement of certain revenue benchmarks was measured at fair value using a Monte Carlo method and is classified within Level 3 of the fair value hierarchy as the fair value is determined based on significant inputs that are not observable. Significant inputs include management’s estimate of revenue and other market inputs, including comparable company revenue volatility (35%) and a discount rate (10.5%). The portion of the contingent consideration obligation which is dependent upon the Company receiving reimbursement coverage from the CMS is also classified within Level 3 of the fair value hierarchy as the fair value is principally determined based on management's estimate, which is a significant input that is not observable. Additionally, the fair value of the entire contingent consideration obligation is also impacted by a market discount rate (5%) which adjusts the estimated payments to present value. The fair value of the contingent consideration obligation is not overly sensitive to movements in the comparable company revenue volatility or the discount rate used for the portion of the obligation that is dependent upon the achievement of certain revenue benchmarks. For example, changing the comparable company revenue volatility from 35% to 25% impacts the fair value by $4 million (assuming no other inputs are modified) and changing the discount rate from 10.5% to 7.0% impacts the fair value by $2 million (assuming no other inputs are modified).

The Company has additional contingent consideration obligations in connection with other acquisitions. The liabilities related to such obligations are included in the amounts below.

The following table provides a reconciliation of the beginning and ending balances of liabilities using significant unobservable inputs (Level 3):

(in millions, unless otherwise indicated)

	Contingent Consideration
Balance, December 31, 2024	$ 106
Total fair value adjustments included in earnings - unrealized	8
Balance, September 30, 2025	$ 114

The $8 million net loss included in earnings associated with the change in the fair value of contingent consideration for the nine months ended September 30, 2025 is reported in other operating expense, net.

Of the aggregate $114 million contingent consideration obligation as of September 30, 2025, $63 million and $51 million were included in other liabilities and accounts payable and accrued expenses, respectively, in the Company's consolidated balance sheet. Of the aggregate $106 million contingent consideration obligation as of December 31, 2024, $101 million and $5 million were included in other liabilities and accounts payable and accrued expenses, respectively, in the Company's consolidated balance sheet.

During the nine months ended September 30, 2025, the Company recorded a $29 million impairment charge on certain long-lived assets related to the exit of a business. The fair value measurement was classified within Level 3 of the fair value hierarchy as it was based on significant inputs that are not observable.

In connection with the sale of an 18.9% noncontrolling interest in a subsidiary to UMass Memorial Medical Center ("UMass") on July 1, 2015, the Company granted UMass the right to require the Company to purchase all of its interest in the subsidiary at fair value commencing July 1, 2020. As of September 30, 2025, the redeemable noncontrolling interest was presented at its fair value. The fair value measurement of the redeemable noncontrolling interest is classified within Level 3 of the fair value hierarchy because the fair value is based on a discounted cash flow analysis that takes into account, among other items, the joint venture's expected future cash flows, long term growth rates, and a discount rate commensurate with economic risk.

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate fair value based on the short maturities of these instruments. As of September 30, 2025 and December 31, 2024, the fair value of the Company’s debt was estimated at $5.7 billion and $6.1 billion, respectively. Principally all of the Company's debt is classified within Level 1 of the fair value hierarchy because the fair value of the debt is estimated based on rates currently offered to the Company with identical terms and maturities, using quoted active market prices and yields, taking into account the underlying terms of the debt instruments.

7. DEBT

During April 2025, the Company amended the agreement for its $750 million senior unsecured revolving credit facility (the “Credit Facility” or "Senior Unsecured Revolving Credit Facility") to extend the maturity to April 2030, while maintaining the borrowing capacity under the facility at $750 million. Under the Credit Facility, the Company can issue letters of credit totaling $150 million (see Note 11). Issued letters of credit reduce the available borrowing capacity under the Credit Facility. Additionally, the Credit Facility includes an additional $500 million uncommitted accordion which, if utilized, brings the total capacity under the facility to $1.3 billion. Interest on the Credit Facility is based on certain published rates plus an applicable margin based on changes in the Company's public debt ratings. At the option of the Company, it may elect to lock into Term Secured Overnight Financing Rate ("Term SOFR")-based interest rate contracts for periods up to six months. For interest on any U.S. Dollar-denominated outstanding amounts not covered under Term SOFR-based interest rate contracts, the Company can opt for an alternate base rate, which is calculated by reference to the prime rate, the federal funds rate or an adjusted Term SOFR rate. The Company also has the option to borrow in other currencies. As of September 30, 2025, the Company's borrowing rate for Term SOFR-based loans under the Credit Facility was adjusted Term SOFR plus 1.00%. The Credit Facility contains various covenants, including the maintenance of a financial leverage ratio, which could impact the Company's ability to, among other things, incur additional indebtedness. As of both September 30, 2025 and December 31, 2024, there were no outstanding borrowings under the Senior Unsecured Revolving Credit Facility.

During the nine months ended September 30, 2025, the Company repaid in full the outstanding indebtedness under the Company's $600 million of 3.50% senior notes, which matured on March 30, 2025.

The Company has $500 million of 3.45% senior notes due June 2026. The senior notes are included in current portion of long-term debt in the Company's September 30, 2025 consolidated balance sheet. Such notes were included in long-term debt in the Company's December 31, 2024 consolidated balance sheet.

For further details regarding the Company's debt, see Note 13 to the audited consolidated financial statements in the Company's 2024 Annual Report on Form 10 K.

8. FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments, from time to time, to manage its exposure to market risks for changes in interest rates and foreign currencies. This strategy includes the use of interest rate swap agreements, forward-starting interest rate swap agreements, interest rate lock agreements and foreign currency forward contracts to manage its exposure to movements in interest and currency rates. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. These policies prohibit holding or issuing derivative financial instruments for speculative purposes. The Company does not enter into derivative financial instruments that contain credit-risk-related contingent features or requirements to post collateral.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents and its debt obligations. Interest income earned on cash and cash equivalents may fluctuate as interest rates change; however, due to their relatively short maturities, the Company does not hedge these assets or their investment cash flows and the impact of interest rate risk is not material. The Company's debt obligations consist of fixed-rate and, from time to time, variable-rate debt instruments. The Company's primary objective is to achieve the lowest overall cost of funding while managing the variability in cash outflows within an acceptable range. In order to achieve this objective, the Company has historically entered into interest rate swap agreements.

Interest rate swaps involve the periodic exchange of payments without the exchange of underlying principal or notional amounts. Net settlements between the counterparties are recognized as an adjustment to interest expense, net.

Interest Rate Derivatives – Cash Flow Hedges

From time to time, the Company has entered into various interest rate lock agreements and forward-starting interest rate swap agreements to hedge part of the Company's interest rate exposure associated with the variability in future cash flows attributable to changes in interest rates.

(in millions, unless otherwise indicated)

Interest Rate Derivatives – Fair Value Hedges

The Company maintains various fixed-to-variable interest rate swaps to convert a portion of the Company's long-term debt into variable interest rate debt.

A summary of the notional amounts of these interest rate swap agreements as of September 30, 2025 and December 31, 2024 was as follows:

	Notional Amount	
Debt Instrument	**September 30, 2025**	**December 31, 2024**
5.00% Senior Notes due December 2034	$ 850	$ 700
2.80% Senior Notes due June 2031	550	—
6.40% Senior Notes due November 2033	400	—
Total notional amounts	$ 1,800	$ 700

The fixed-to-variable interest rate swap agreements in the table above have variable interest rates ranging from SOFR minus 1.36% to SOFR plus 2.48%.

As of September 30, 2025 and December 31, 2024, the following amounts were recorded on the consolidated balance sheets related to cumulative basis adjustments for fair value hedges included in the carrying amount of long-term debt:

	Carrying Amount of Hedged Long-Term Debt	Hedge Accounting Basis Adjustment (a)	Carrying Amount of Hedged Long-Term Debt	Hedge Accounting Basis Adjustment (a)
Balance Sheet Classification	**September 30, 2025**	**September 30, 2025**	**December 31, 2024**	**December 31, 2024**
Long-term debt	$ 1,803	$ 20	$ 658	$ (29)

(a) The balance includes $2 million and $5 million of remaining unamortized hedging adjustments on discontinued relationships as of September 30, 2025 and December 31, 2024, respectively.

The following table presents the effect of fair value hedge accounting on the consolidated statement of operations for the three and nine months ended September 30, 2025:

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
	Interest Expense, Net	**Interest Expense, Net**
Total for line item in which the effects of fair value hedges are recorded	$ (66)	$ (200)
Gain (loss) on fair value hedging relationships:		
Hedged items (Long-term debt)	$ (1)	$ (52)
Derivatives designated as hedging instruments	$ 1	$ 52

A summary of the fair values of derivative instruments in the consolidated balance sheets was as follows:

	September 30, 2025		December 31, 2024	
	Balance Sheet Classification	**Fair Value**	**Balance Sheet Classification**	**Fair Value**
Derivatives Designated as Hedging Instruments				
Fixed-to-variable interest rate swap agreements	Other assets	$ 18	Other liabilities	$ 34

(in millions, unless otherwise indicated)

A detailed description regarding the Company's use of derivative financial instruments is contained in Note 15 to the audited consolidated financial statements in the Company's 2024 Annual Report on Form 10-K.

9. STOCKHOLDERS' EQUITY AND REDEEMABLE NONCONTROLLING INTEREST

Stockholders' Equity

Changes in Accumulated Other Comprehensive Loss by Component

Comprehensive income (loss) includes:

- Foreign currency translation adjustments;
- Net deferred gains (losses) on cash flow hedges, which represent deferred gains (losses), net of tax, on interest rate-related derivative financial instruments designated as cash flow hedges, net of amounts reclassified to interest expense (see Note 8); and
- Net changes in available-for-sale debt securities, which represent unrealized holding gains (losses), net of tax, on available-for-sale debt securities.

For the three and nine months ended September 30, 2025 and 2024, the tax effects related to the deferred gains (losses) on cash flow hedges and net changes in available-for-sale debt securities were not material. Foreign currency translation adjustments related to indefinite investments in non-U.S. subsidiaries are not adjusted for income taxes.

The changes in accumulated other comprehensive loss by component for the three and nine months ended September 30, 2025 were as follows:

For the Three Months Ended September 30, 2025	**Foreign Currency Translation Adjustments**	**Net Deferred Gains on Cash Flow Hedges, net of tax**	**Accumulated Other Comprehensive Loss**
Balance, June 30, 2025	$ (21)	$ 5	$ (16)
Other comprehensive loss before reclassifications	(24)	—	(24)
Net current period other comprehensive loss	(24)	—	(24)
Balance, September 30, 2025	$ (45)	$ 5	$ (40)

For the Nine Months Ended September 30, 2025	**Foreign Currency Translation Adjustments**	**Net Deferred Gains on Cash Flow Hedges, net of tax**	**Accumulated Other Comprehensive Loss**
Balance, December 31, 2024	$ (93)	$ 5	$ (88)
Other comprehensive income before reclassifications	48	—	48
Net current period other comprehensive income	48	—	48
Balance, September 30, 2025	$ (45)	$ 5	$ (40)

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(unaudited)
(in millions, unless otherwise indicated)

The changes in accumulated other comprehensive loss by component for the three and nine months ended September 30, 2024 were as follows:

For the Three Months Ended September 30, 2024	Foreign Currency Translation Adjustments	Net Deferred Gains on Cash Flow Hedges, net of tax	Accumulated Other Comprehensive Loss
Balance, June 30, 2024	$ (22)	$ 3	$ (19)
Other comprehensive income before reclassifications	1	3	4
Net current period other comprehensive income	1	3	4
Balance, September 30, 2024	$ (21)	$ 6	$ (15)

For the Nine Months Ended September 30, 2024	Foreign Currency Translation Adjustments	Net Deferred Gains on Cash Flow Hedges, net of tax	Accumulated Other Comprehensive Loss
Balance, December 31, 2023	$ (17)	$ 3	$ (14)
Other comprehensive (loss) income before reclassifications	(4)	3	(1)
Net current period other comprehensive (loss) income	(4)	3	(1)
Balance, September 30, 2024	$ (21)	$ 6	$ (15)

Dividend Program

During each of the first three quarters of 2025, the Company's Board of Directors declared a quarterly cash dividend of $0.80 per common share. During each of the four quarters of 2024, the Company's Board of Directors declared a quarterly cash dividend of $0.75 per common share.

Share Repurchase Program

As of September 30, 2025, $0.7 billion remained available under the Company's share repurchase authorization. The share repurchase authorization has no set expiration or termination date.

Share Repurchases

For the nine months ended September 30, 2025, the Company repurchased 0.9 million shares of its common stock for $150 million.

For the nine months ended September 30, 2024, the Company repurchased no shares of its common stock.

Shares Reissued from Treasury Stock

For the nine months ended September 30, 2025 and 2024, the Company reissued 1.2 million shares and 1.0 million shares, respectively, from treasury stock under its Employee Stock Purchase Plan and its stock-based compensation program.

For details regarding the Company's stock ownership and compensation plans, see Note 17 to the audited consolidated financial statements in the Company's 2024 Annual Report on Form 10-K.

Redeemable Noncontrolling Interest

In connection with the sale of an 18.9% noncontrolling interest in a subsidiary to UMass on July 1, 2015, the Company granted UMass the right to require the Company to purchase all of its interest in the subsidiary at fair value commencing July 1, 2020. The subsidiary performs diagnostic information services in a defined territory within the state of Massachusetts. Since the redemption of the noncontrolling interest is outside of the Company's control, it has been presented outside of stockholders' equity at the greater of its carrying amount or its fair value. As of September 30, 2025 and December 31, 2024, the redeemable noncontrolling interest was presented at its fair value. For further details regarding the fair value of the redeemable noncontrolling interest, see Note 6.

(in millions, unless otherwise indicated)

10. SUPPLEMENTAL CASH FLOW AND OTHER DATA

Supplemental cash flow and other data for the three and nine months ended September 30, 2025 and 2024 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Depreciation expense	$ 103	$ 93	$ 308	$ 268
Amortization expense	39	32	117	90
Depreciation and amortization expense	$ 142	$ 125	$ 425	$ 358
Interest expense	$ (69)	$ (58)	$ (210)	$ (154)
Interest income	3	9	10	18
Interest expense, net	$ (66)	$ (49)	$ (200)	$ (136)
Interest paid	$ 22	$ 62	$ 167	$ 167
Income taxes paid	$ 2	$ 61	$ 112	$ 179
Accounts payable associated with capital expenditures	$ 40	$ 35	$ 40	$ 35
Dividends payable	$ 91	$ 84	$ 91	$ 84
Businesses acquired:				
Fair value of assets acquired	$ 34	$ 1,725	$ 57	$ 2,014
Fair value of liabilities assumed	—	142	6	183
Fair value of net assets acquired	34	1,583	51	1,831
Merger consideration payable	—	—	—	—
Cash paid for business acquisitions	34	1,583	51	1,831
Less: Cash acquired	—	50	—	50
Business acquisitions, net of cash acquired	$ 34	$ 1,533	$ 51	$ 1,781
Leases:				
Leased assets obtained in exchange for new operating lease liabilities	$ 44	$ 33	$ 140	$ 120

During the nine months ended September 30, 2025 and 2024, other financing activities, net in the Company's consolidated statement of cash flows included changes in bank overdrafts, which are generally settled in cash in the short term, of $(61) million and $(22) million, respectively.

During the nine months ended September 30, 2025, the Company received $46 million from a payroll tax credit under the Coronavirus Aid, Relief, and Economic Security Act associated with the retention of employees. Such amount is recorded in other operating expense, net in the Company's consolidated statement of operations.

11. COMMITMENTS AND CONTINGENCIES

Letters of Credit

The Company can issue letters of credit under its Secured Receivables Credit Facility and Senior Unsecured Revolving Credit Facility. For further discussion regarding the facilities, see Note 7 above and Note 13 to the audited consolidated financial statements in the Company's 2024 Annual Report on Form 10-K.

In support of its risk management program, $78 million in letters of credit under the Secured Receivables Credit Facility were outstanding as of September 30, 2025, providing collateral for current and future automobile liability and workers' compensation loss payments.

Contingent Lease Obligations

The Company remains subject to contingent obligations under certain real estate leases for which no liability has been recorded. For further details, see Note 18 to the audited consolidated financial statements in the Company's 2024 Annual Report on Form 10-K.

Certain Legal Matters

The Company may incur losses associated with these proceedings and investigations, but it is not possible to estimate the amount of loss or range of loss, if any, that might result from adverse judgments, settlements, fines, penalties, or other resolution of these proceedings and investigations based on the stage of these proceedings and investigations, the absence of specific allegations as to alleged damages, the uncertainty as to the certification of a class or classes and the size of any certified class, if applicable, and/or the lack of resolution of significant factual and legal issues. The Company has insurance coverage rights in place (limited in amount; subject to deductible) for certain potential costs and liabilities related to these proceedings and investigations.

In 2020, two putative class action lawsuits were filed in the U.S. District Court for New Jersey against the Company and other defendants with respect to the Company's 401(k) plan. The complaint alleges, among other things, that the fiduciaries of the 401(k) plan breached their duties by failing to disclose the expenses and risks of plan investment options, allowing unreasonable administration expenses to be charged to plan participants, and selecting and retaining high cost and poor performing investments. In October 2020, the court consolidated the two lawsuits under the caption *In re: Quest Diagnostics ERISA Litigation* and plaintiffs filed a consolidated amended complaint. In May 2021, the court denied the Company's motion to dismiss the complaint. After discovery was completed, the Company filed a motion for summary judgment, which was granted. The matter is on appeal.

On June 3, 2019, the Company reported that Retrieval-Masters Creditors Bureau, Inc./American Medical Collection Agency ("AMCA") had informed the Company and Optum360 LLC that an unauthorized user had access to AMCA's system between August 1, 2018 and March 30, 2019 (the "AMCA Data Security Incident"). Optum360 provides revenue management services to the Company, and AMCA provided debt collection services to Optum360. AMCA first informed the Company of the AMCA Data Security Incident on May 14, 2019. AMCA's affected system included financial information (e.g., credit card numbers and bank account information), medical information and other personal information (e.g., social security numbers). Test results were not included. Neither Optum360's nor the Company's systems or databases were involved in the incident. AMCA also informed the Company that information pertaining to other laboratories' customers was also affected. Following announcement of the AMCA Data Security Incident, AMCA sought protection under the U.S. bankruptcy laws. The bankruptcy proceeding has been dismissed.

Numerous putative class action lawsuits were filed against the Company related to the AMCA Data Security Incident. The U.S. Judicial Panel on Multidistrict Litigation transferred the cases that were then still pending to, and consolidated them for pre-trial proceedings in, the U.S. District Court for New Jersey. In November 2019, the plaintiffs in the multidistrict proceeding filed a consolidated putative class action complaint against the Company and Optum360 that named additional individuals as plaintiffs and that asserted a variety of common law and statutory claims in connection with the AMCA Data Security Incident. In January 2020, the Company moved to dismiss the consolidated complaint; the motion to dismiss was granted in part and denied in part. Plaintiffs filed an amended complaint, which the Company also moved to dismiss. The motion was granted in part and denied in part. Discovery and class certification proceedings are ongoing.

In addition, a group of state attorney general offices are investigating the Company in connection with the AMCA Data Security Incident. The Company is cooperating with the investigation.

The Company is subject to a putative class action entitled *Cole, et al. v Quest Diagnostics Incorporated*, which was filed in the U. S. District Court for the Eastern District of California, for allegedly conspiring with Facebook to track customers' internet communications on Company web platforms without authorization, in violation of the California Invasion of Privacy Act ("CIPA") and the California Confidentiality of Medical Information Act ("CMIA"). The complaint alleged that the Company's actions were an invasion of privacy and contributed to a loss of value in plaintiffs' personally identifiable information. The Company moved to dismiss the case or, in the alternative, transfer venue to the U.S. District Court for New Jersey. Subsequently, plaintiffs filed an amended complaint, which the Company also moved to dismiss. The Company's motion to transfer the case was granted. The Company refiled its motion to dismiss with the New Jersey District Court. The motion to dismiss was granted without prejudice as to the CMIA claim and denied as to the CIPA claim. Thereafter, the Company filed a motion for reconsideration as to the CIPA claim, which was granted. The matter is on appeal.

As previously disclosed, in August 2011, the Company had received a subpoena from the U.S. Attorney for the Northern District of Georgia seeking various business records, including records related to the Company's compliance program, certain marketing materials, certain product offerings, and certain test ordering and other policies. The Company cooperated with the request. In 2021, a third amended complaint in a qui tam action filed in the U.S. District Court for the Northern District of Georgia was unsealed, which is related to the matter underlying the August 2011 subpoena. Both the U.S. Department of Justice and the State of Georgia declined to intervene in the action. The Company moved to dismiss the complaint and the complaint was dismissed without prejudice in August 2022. The relator subsequently filed a fourth amended complaint, which the Company has moved to dismiss. On August 23, 2024, the district court dismissed the complaint with prejudice. On appeal, the Eleventh Circuit affirmed the district court's dismissal.

The Company also received subpoenas from the U.S. Attorney for the District of New Jersey (the "NJ USAO"). The subpoenas seek various records relating to the Company's relationship with the New York Giants ("the Giants") and adherence to certain company policies and federal laws. The Company is in the process of finalizing a settlement with the NJ USAO and is negotiating a resolution with the United States Department of Health and Human Services. The Company has also received a subpoena from the New York Attorney General's Office.

The Company has also received subpoenas from the New York Attorney General's Office that seek information about, among other things, the ordering and billing of certain test panels to Medicaid programs in New York. The Company is cooperating with the investigation.

Other Legal Matters

In the normal course of business, the Company has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with the Company's activities as a provider of diagnostic testing, information and services. These actions could involve claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages, and could have an adverse impact on the Company's client base and reputation.

The Company is also involved, from time to time, in other reviews, investigations and proceedings by governmental agencies regarding the Company's business which may result in adverse judgments, settlements, fines, penalties, injunctions or other relief.

The federal or state governments may bring claims based on the Company's current practices, which it believes are lawful. In addition, certain federal and state statutes, including the *qui tam* provisions of the federal False Claims Act, allow private individuals to bring lawsuits against healthcare companies on behalf of government or private payers. The Company is aware of lawsuits, and from time to time has received subpoenas, related to billing or other practices based on the False Claims Act or other federal and state statutes, regulations or other laws. The Company understands that there may be other pending qui tam claims brought by former employees or other "whistleblowers" as to which the Company cannot determine the extent of any potential liability.

Management cannot predict the outcome of such matters. Although management does not anticipate that the ultimate outcome of such matters will have a material adverse effect on the Company's financial condition, given the high degree of judgment involved in establishing loss estimates related to these types of matters, the outcome of such matters may be material to the Company's consolidated results of operations or cash flows in the period in which the impact of such matters is determined or paid.

These matters are in different stages. Some of these matters are in their early stages. Matters may involve responding to and cooperating with various government investigations and related subpoenas. As of September 30, 2025, the Company does not believe that material losses related to legal matters are probable.

Reserves for legal matters totaled $21 million and $4 million as of September 30, 2025 and December 31, 2024, respectively.

Reserves for General and Professional Liability Claims

As a general matter, providers of clinical testing services may be subject to lawsuits alleging negligence or other similar legal claims. These suits could involve claims for substantial damages. Any professional liability litigation could also have an adverse impact on the Company's client base and reputation. The Company maintains various liability insurance coverages for, among other things, claims that could result from providing, or failing to provide, clinical testing services, including inaccurate testing results, and other exposures. The Company's insurance coverage limits its maximum exposure on individual claims; however, the Company is essentially self-insured for a significant portion of these claims.

The Company is subject to a series of individual claims brought by persons in Ireland related to allegations stemming from pap smear screening services performed by the Company. In general, claimants have alleged that the results of certain pap smear screening tests performed by the Company and other providers, pursuant to a program coordinated by the Irish government, were incorrect for individuals who were later diagnosed with cervical cancer. The Irish government and an independent scoping inquiry commissioned by the Irish government found that the Company’s performance of its screening services for the Irish cervical cancer screening program were in accordance with both Ireland’s requirements and international standards. The Company has settled claims made by certain individuals, is a party in multiple lawsuits and may be served as a party in additional lawsuits. The Company does not believe that the resolution of existing or future claims will have a material adverse effect on its financial position or liquidity, but the ultimate outcomes of these claims are unpredictable and subject to significant uncertainties.

Reserves for general and professional liability claims matters, including those associated with both asserted and incurred but not reported claims, are established on an undiscounted basis by considering actuarially determined losses based upon the Company's historical and projected loss experience. Such reserves totaled $169 million as of both September 30, 2025 and December 31, 2024.

While the basis for claims reserves is actuarially determined losses based upon the Company's historical and projected loss experience, the process of analyzing, assessing and establishing reserve estimates relative to these types of claims involves a high degree of judgment. Although the Company believes that its present reserves and insurance coverage are sufficient to cover currently estimated exposures, it is possible that the Company may incur liabilities in excess of its recorded reserves or insurance coverage. Changes in the facts and circumstances associated with claims could have a material impact on the Company’s results of operations (principally costs of services), cash flows and financial condition in the period that reserve estimates are adjusted or paid.

(in millions, unless otherwise indicated)

12. BUSINESS SEGMENT INFORMATION

The Company's DIS business is the only reportable segment based on the manner in which the Chief Executive Officer, who is the Company's Chief Operating Decision Maker ("CODM"), assesses performance and allocates resources across the organization. The CODM uses the reported measurement of segment profit (loss) in assessing segment performance versus budget and when deciding how to allocate resources to segments. The DIS business provides diagnostic information services to a broad range of customers within its primary customer channels - physicians, hospitals, and patients and consumers. The DIS business accounted for greater than 97% of net revenues in both 2025 and 2024.

All other operating segments include the Company's DS businesses, which consist of its risk assessment services and healthcare information technology businesses. The Company's DS businesses offer solutions for insurers and offer solutions for healthcare providers and payers.

As of September 30, 2025, substantially all of the Company's services were provided within the United States, and substantially all of the Company's assets were located within the United States. See Note 6 to the audited consolidated financial statements contained in the Company's 2024 Annual Report on Form 10-K for a discussion of the Company's acquisition of LifeLabs in Canada during August 2024.

The following table is a summary of segment information for the three and nine months ended September 30, 2025 and 2024. Segment asset information is not presented since it is not received by the CODM at the operating segment level. The CODM regularly reviews certain consolidated expenses, including employee compensation costs. "Other segment items" principally consist of costs for obtaining, transporting and testing specimens, facility costs used for the delivery of the Company's services, costs associated with the Company's sales and marketing efforts, and costs related to billing operations. Operating income (loss) of each segment represents net revenues less directly identifiable expenses. General corporate activities included in the table below are comprised of general management and administrative corporate expenses, amortization and impairment of intangibles assets and other operating income and expenses, net of certain general corporate activity costs that are allocated to the DIS and DS businesses. The accounting policies of the segments are the same as those of the Company as set forth in Note 2 to the audited consolidated financial statements contained in the Company's 2024 Annual Report on Form 10-K and Note 2 to the interim unaudited consolidated financial statements.

	Three Months Ended September 30, 2025		Nine Months Ended September 30, 2025	
	DIS	Total	DIS	Total
Net revenues	$ 2,755	$ 2,755	$ 8,043	$ 8,043
DS revenues		61		186
Total net revenues		$ 2,816		$ 8,229
Less: Other segment items	2,273		6,653	
Segment operating income	$ 482	$ 482	$ 1,390	$ 1,390
DS operating income		9		24
General corporate activities		(105)		(244)
Total operating income		386		1,170
Non-operating expense, net		(58)		(182)
Income before income taxes and equity in earnings of equity method investees		328		988
Income tax expense		(77)		(233)
Equity in earnings of equity method investees, net of taxes		8		35
Net income		259		790
Less: Net income attributable to noncontrolling interests		14		43
Net income attributable to Quest Diagnostics		$ 245		$ 747

(in millions, unless otherwise indicated)

	Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
	DIS	Total	DIS	Total
Net revenues	$ 2,427	$ 2,427	$ 7,058	$ 7,058
DS revenues		61		193
Total net revenues		$ 2,488		$ 7,251
Less: Other segment items	2,020		5,858	
Segment operating income	$ 407	$ 407	$ 1,200	$ 1,200
DS operating income		6		23
General corporate activities		(83)		(238)
Total operating income		330		985
Non-operating expense, net		(34)		(109)
Income before income taxes and equity in earnings of equity method investees		296		876
Income tax expense		(65)		(205)
Equity in earnings of equity method investees, net of taxes		6		14
Net income		237		685
Less: Net income attributable to noncontrolling interests		11		36
Net income attributable to Quest Diagnostics		$ 226		$ 649

Depreciation and amortization expense for the three and nine months ended September 30, 2025 and 2024 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
DIS business	$ 99	$ 90	$ 296	$ 258
All other operating segments	3	3	10	9
General corporate	40	32	119	91
Total depreciation and amortization	$ 142	$ 125	$ 425	$ 358

13. REVENUE RECOGNITION

DIS

Net revenues in the Company's DIS business accounted for over 97% of the Company's total net revenues for the three and nine months ended September 30, 2025 and 2024 and are primarily comprised of a high volume of relatively low-dollar transactions. The DIS business, which provides clinical testing services and other services, satisfies its performance obligations and recognizes revenues primarily upon completion of the testing process (when results are reported) or when services have been rendered. The Company estimates the amount of consideration it expects to be entitled to receive from payer customer groups in exchange for providing services using the portfolio approach. These estimates include the impact of contractual allowances (including payer denials), and patient price concessions. The portfolios determined using the portfolio approach consist of the following groups of payer customers: healthcare insurers, government payers (including Medicare and Medicaid programs), client payers and patients.

QUEST DIAGNOSTICS INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED
(unaudited)
(in millions, unless otherwise indicated)

For further details regarding revenue recognition in the Company's DIS business, see Note 3 to the audited consolidated financial statements in the Company's 2024 Annual Report on Form 10-K.

DS

The Company’s DS businesses primarily satisfy their performance obligations and recognize revenues when delivery has occurred or services have been rendered.

Net Revenue and Net Accounts Receivable by Payer Customer Type

The approximate percentage of net revenue by type of payer customer was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Healthcare insurers:				
Fee-for-service	37 %	38 %	36 %	37 %
Capitated	2	3	3	3
Total healthcare insurers	39	41	39	40
Government payers (principally fee-for-service)	16	13	16	12
Client payers	31	33	31	33
Patients (including coinsurance and deductible responsibilities)	12	10	12	12
Total DIS	98	97	98	97
DS	2	3	2	3
Net revenues	100 %	100 %	100 %	100 %

The approximate percentage of net accounts receivable by type of payer customer was as follows:

	September 30, 2025	December 31, 2024
Healthcare Insurers	29 %	26 %
Government Payers	9	7
Client Payers	41	45
Patients (including coinsurance and deductible responsibilities)	19	20
Total DIS	98	98
DS	2	2
Net accounts receivable	100 %	100 %

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Company

Diagnostic Information Services

Quest Diagnostics works across the healthcare ecosystem to create a healthier world, one life at a time. Our diagnostic information services ("DIS") business provides diagnostic insights from the results of our laboratory testing to empower people, physicians, and organizations to take action to improve health outcomes. Derived from one of the world's largest databases of de-identifiable clinical lab results, our diagnostic insights reveal new avenues to identify and treat disease, inspire healthy behaviors and improve healthcare management. In the right hands and with the right context, our diagnostic insights can inspire actions that transform lives and create a healthier world. We provide services to a broad range of customers within our primary customer channels - physicians (including those associated with accountable care organizations and Federally Qualified Health Centers), hospitals, and patients and consumers. Our other customers include health plans, employers, emerging retail healthcare providers, government agencies, pharmaceutical companies and other commercial clinical laboratories. We offer broad access to clinical testing through a nationwide network of laboratories, patient service centers, phlebotomists in physician offices, and our connectivity resources, including call centers and mobile phlebotomists, nurses and other health and wellness professionals. Our large in-house staff of medical and scientific experts, including medical directors, scientific directors, genetic counselors and board-certified geneticists, provide medical and scientific consultation to healthcare providers and patients regarding our tests and test results, and help them best utilize our services to improve outcomes and enhance satisfaction. Our DIS business makes up greater than 97% of our consolidated net revenues.

We assess our revenue performance for our DIS business based upon, among other factors, volume (measured by test requisitions) and revenue per requisition. Each test requisition accompanies patient specimens, indicating the test(s) to be performed and the party to be billed for the test(s). Revenue per requisition is impacted by various factors, including, among other items, the impact of fee schedule changes (i.e., unit price), test mix, payer mix, business mix and the number of tests per requisition. Management uses number of requisitions and revenue per requisition data to assist with assessing the growth and performance of the business, including understanding trends affecting number of requisitions, pricing and test mix. Therefore, we believe that information related to changes in these metrics from period to period are useful information for investors as it allows them to assess the performance of the business.

Diagnostic Solutions

Our diagnostic solutions ("DS") group, which represents the balance of our consolidated net revenues, includes our risk assessment services business, which offers solutions for insurers, and our healthcare information technology businesses, which offer solutions for healthcare providers and payers.

Third Quarter Highlights

	Three Months Ended September 30,	
	2025	2024
	(dollars in millions, except per share data)	
Net revenues	$2,816	$2,488
DIS revenues	$2,755	$2,427
Revenue per requisition change	0.8%	3.3%
Requisition volume change	12.5%	5.5%
Organic requisition volume change	3.9%	0.5%
DS revenues	$61	$61
Operating income	$386	$330
Net income attributable to Quest Diagnostics	$245	$226
Diluted earnings per share	$2.16	$1.99
Net cash provided by operating activities	$563	$356
Capital expenditures	$144	$106

For further discussion of the year-over-year changes for the three months ended September 30, 2025 compared to the three months ended September 30, 2024, see "Results of Operations" below.

Acquisition of select clinical testing assets of Spectra Laboratories

On August 4, 2025, we acquired select clinical testing assets of Fresenius Medical Care's wholly-owned Spectra Laboratories in an all-cash transaction for $34 million. The acquired business is included in our DIS business. See Note 5 to the interim unaudited consolidated financial statements for further discussion.

Invigorate Program

We are engaged in a multi-year program called Invigorate, which includes structured plans to drive savings and improve productivity across the value chain, including in such areas as patient services, logistics and laboratory operations, revenue services, information technology and procurement. The Invigorate program aims to deliver 3% annual cost savings and productivity improvements to partially offset pressures from the current inflationary environment, including labor and benefit cost increases and reimbursement pressures. We are leveraging automation and artificial intelligence to improve productivity and also improve quality across our entire value chain, not just in the laboratory. Other areas of focus include reducing denials and patient concessions, enhancing the digital experience, and selecting and retaining talent.

For the nine months ended September 30, 2025, we incurred $37 million of pre-tax charges in connection with restructuring and integration activities, including $18 million of employee separation costs, with the remainder including integration costs. Most of the charges will result in cash expenditures. Additional restructuring and integration charges may be incurred in future periods, including as we identify additional opportunities to achieve further savings and productivity improvements.

Outlook and Trends

In July 2025, the One Big Beautiful Bill Act (“OBBBA”) was enacted. The OBBBA and other possible legislation is expected to impact healthcare providers in the United States, including us, primarily through changes to Medicaid and the Affordable Care Act (“ACA”). These changes could lead to reduced funding, increased regulatory burdens and potential shifts in patient populations among payer types and utilization. Additional federal and state guidance is expected to be issued in order to implement the various provisions of the OBBBA, many of which have effective dates in 2027 and 2028. In addition, if Congress does not act to extend the enhanced Premium Tax Credits (“PTC”) that were part of the Inflation Reduction Act of 2022, which have helped drive an increase in Individual Public Exchange enrollment, they will expire at the end of 2025 and could also have an impact on patient populations and result in shifts among payer types and utilization.

Revenues generated under Medicaid and managed Medicaid programs, and through the ACA related Exchange Plans, represented approximately 8% and less than 5%, respectively, of consolidated revenues for 2024. Based on the provisions of the new legislation (including various effective dates), we currently believe that the OBBBA, and expiration of the enhanced PTCs, are not likely to have a material impact on our consolidated revenues for 2025 and 2026. In addition, we currently estimate that for 2026 through 2028 the OBBBA and the planned expiration of the enhanced PTCs at the end of 2025 could reduce our consolidated revenues by up to 50-60 basis points by 2028, compared to 2025, primarily reflecting the impact on our ACA related Exchange Plans revenues.

While the impacts outlined above represent our current estimates, we continue to assess the impact of the OBBBA and the planned expiration of the enhanced PTCs on our outlook for the remainder of 2025 through 2028.

The OBBBA also makes permanent key elements of the Tax Cuts and Jobs Act of 2017, including 100% bonus depreciation, domestic research cost expensing and the business interest expense limitation, among other tax changes. Many of the tax provisions of the OBBBA are designed to accelerate tax deductions, which could lead to lower cash tax payments. The new legislation has multiple effective dates, with certain provisions effective in 2025 and others in the future. While we continue to assess the impact of the tax provisions of the OBBBA on our consolidated financial statements, we currently believe that the tax provisions of the legislation are not expected to have a material impact on our statement of operations. Our consolidated deferred income tax liabilities as of September 30, 2025 and December 31, 2024 were $378 million and $278 million, respectively. The increase was principally due to the domestic research cost expensing and bonus depreciation elements of the OBBBA.

For additional discussion regarding regulatory trends and uncertainties, and the risk factors that could cause actual results to differ materially from those described above, see Part I, Item 1, “Business – The Clinical Testing Industry,” and “Business – Regulation”, Part I, Item 1A, “Risk Factors” and the “Outlook and Trends” section of Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2024 Annual Report on Form 10-K.

Critical Accounting Policies

There have been no significant changes to our critical accounting policies from those disclosed in our 2024 Annual Report on Form 10-K.

Impact of New Accounting Standards

The adoption of new accounting standards, if any, is discussed in Note 2 to the interim unaudited consolidated financial statements.

The impact of recent accounting pronouncements not yet effective on our consolidated financial statements, if any, is also discussed in Note 2 to the interim unaudited consolidated financial statements.

Results of Operations

The following tables set forth certain results of operations data for the periods presented:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025	2024	$ Change	% Change	2025	2024	$ Change	% Change
	(dollars in millions, except per share amounts)							
Net revenues:								
DIS business	$ 2,755	$ 2,427	$ 328	13.5 %	$ 8,043	$ 7,058	$ 985	14.0 %
DS businesses	61	61	—	(1.0)	186	193	(7)	(4.0)
Total net revenues	$ 2,816	$ 2,488	$ 328	13.1 %	$ 8,229	$ 7,251	$ 978	13.5 %
Operating costs and expenses and other operating income:								
Cost of services	$ 1,867	$ 1,677	$ 190	11.3 %	$ 5,474	$ 4,865	$ 609	12.5 %
Selling, general and administrative	501	448	53	12.0	1,463	1,304	159	12.2
Amortization of intangible assets	39	32	7	21.2	117	90	27	29.0
Other operating expense, net	23	1	22	NM	5	7	(2)	NM
Total operating costs and expenses, net	$ 2,430	$ 2,158	$ 272	12.6 %	$ 7,059	$ 6,266	$ 793	12.6 %
Operating income	$ 386	$ 330	$ 56	16.8 %	$ 1,170	$ 985	$ 185	18.7 %
Other income (expense):								
Interest expense, net	$ (66)	$ (49)	$ (17)	37.2 %	$ (200)	$ (136)	$ (64)	47.7 %
Other income, net	8	15	(7)	NM	18	27	(9)	NM
Total non-operating expense, net	$ (58)	$ (34)	$ (24)	NM	$ (182)	$ (109)	$ (73)	NM
Income tax expense	$ (77)	$ (65)	$ (12)	19.1 %	$ (233)	$ (205)	$ (28)	13.7 %
Effective income tax rate	23.6 %	21.9 %			23.6 %	23.4 %		
Equity in earnings of equity method investees, net of taxes	$ 8	$ 6	$ 2	NM	$ 35	$ 14	$ 21	NM
Net income attributable to Quest Diagnostics	$ 245	$ 226	$ 19	8.5 %	$ 747	$ 649	$ 98	15.0 %
Diluted earnings per common share attributable to Quest Diagnostics' common stockholders	$ 2.16	$ 1.99	$ 0.17	8.5 %	$ 6.57	$ 5.74	$ 0.83	14.5 %

NM - Not Meaningful

The following table sets forth certain results of operations data as a percentage of net revenues for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net revenues:				
DIS business	97.8 %	97.5 %	97.7 %	97.3 %
DS businesses	2.2	2.5	2.3	2.7
Total net revenues	100.0 %	100.0 %	100.0 %	100.0 %
Operating costs and expenses and other operating income:				
Cost of services	66.3 %	67.3 %	66.5 %	67.1 %
Selling, general and administrative	17.8	18.0	17.8	18.0
Amortization of intangible assets	1.4	1.3	1.4	1.2
Other operating expense, net	0.8	0.1	0.1	0.1
Total operating costs and expenses, net	86.3 %	86.7 %	85.8 %	86.4 %
Operating income	13.7 %	13.3 %	14.2 %	13.6 %

Operating Results

Results for the three months ended September 30, 2025 were affected by certain items that on a net basis decreased diluted earnings per share by $0.44 as follows:

- pre-tax amortization expense of $39 million recorded in amortization of intangible assets, or $0.25 per diluted share;
- pre-tax charges of $22 million, recorded in other operating expense, net, or $0.15 per diluted share, comprised of a $15 million charge to earnings related to legal matters, a $5 million impairment charge on certain long-lived assets related to the exit of a business and, to a lesser extent, losses associated with the increase in the fair value of the contingent consideration accrual associated with previous acquisitions; and
- pre-tax charges of $11 million ($1 million recorded in cost of services and $10 million recorded in selling, general and administrative expenses), or $0.07 per diluted share, primarily associated with workforce reductions and integration costs incurred in connection with further restructuring and integrating our business; partially offset by
- $3 million of excess tax benefits associated with stock-based compensation arrangements, recorded in income tax expense, or $0.03 per diluted share.

Results for the nine months ended September 30, 2025 were affected by certain items that on a net basis decreased diluted earnings per share by $0.86 as follows:

- pre-tax amortization expense of $117 million recorded in amortization of intangible assets, or $0.76 per diluted share;
- pre-tax charges of $52 million, recorded in other operating expense, net, or $0.36 per diluted share, primarily comprised of a $29 million impairment charge on certain long-lived assets related to the exit of a business, a $15 million charge to earnings related to legal matters and, to a lesser extent, losses associated with the increase in the fair value of the contingent consideration accrual associated with previous acquisitions; and
- pre-tax charges of $37 million ($8 million recorded in cost of services and $29 million recorded in selling, general and administrative expenses), or $0.24 per diluted share, primarily associated with workforce reductions and integration costs incurred in connection with further restructuring and integrating our business; partially offset by
- pre-tax gains of $54 million ($46 million recorded in other operating expense, net and $8 million recorded in equity in earnings of equity method investees, net of taxes), or $0.36 per diluted share, from a $46 million payroll tax credit under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") associated with the retention of employees and, to a lesser extent, an $8 million non-recurring gain related to a lease;
- pre-tax gains of $2 million ($1 million recorded in other income, net and $1 million recorded in equity in earnings of equity method investees, net of taxes), or $0.01 per diluted share, representing net gains associated with changes in the carrying value of our strategic investments; and
- $15 million of excess tax benefits associated with stock-based compensation arrangements, recorded in income tax expense, or $0.13 per diluted share.

Results for the three months ended September 30, 2024 were affected by certain items that on a net basis decreased diluted earnings per share by $0.31 as follows:

- pre-tax amortization expense of $32 million recorded in amortization of intangible assets, or $0.21 per diluted share;
- pre-tax net charges of $18 million ($5 million recorded in cost of services and $15 million recorded in selling, general and administrative expenses, partially offset by a $2 million gain recorded in other operating expense, net), or $0.13 per diluted share, primarily associated with workforce reductions and integration costs incurred in connection with further restructuring and integrating our business;
- pre-tax charges of $5 million ($1 million recorded in selling, general and administrative expenses and $4 million recorded in other operating expense, net), or $0.04 per diluted share, primarily representing a loss associated with the increase in the fair value of the contingent consideration accrual associated with previous acquisitions; and
- pre-tax charges of $2 million recorded in equity in earnings of equity method investees, net of taxes, or $0.02 per diluted share, representing net losses associated with changes in the carrying value of our strategic investments; partially offset by
- a pre-tax gain of $8 million, recorded in other income, net, or $0.06 per diluted share, representing a non-recurring gain associated with a foreign exchange forward contract utilized in conjunction with an acquisition, and
- $3 million of excess tax benefits associated with stock-based compensation arrangements, recorded in income tax expense, or $0.03 per diluted share.

Results for the nine months ended September 30, 2024 were affected by certain items that on a net basis decreased diluted earnings per share by $0.96 as follows:

- pre-tax amortization expense of $90 million recorded in amortization of intangible assets, or $0.59 per diluted share;
- pre-tax net charges of $45 million ($19 million recorded in cost of services and $28 million recorded in selling, general and administrative expenses, partially offset by a $2 million gain recorded in other operating expense, net), or $0.31 per diluted share, primarily associated with workforce reductions and integration costs incurred in connection with further restructuring and integrating our business;
- pre-tax charges of $12 million ($2 million recorded in selling, general and administrative expenses and $10 million recorded in other operating expense, net), or $0.10 per diluted share, primarily representing a loss associated with the increase in the fair value of the contingent consideration accrual associated with previous acquisitions; and
- pre-tax charges of $11 million recorded in equity in earnings of equity method investees, net of taxes, or $0.07 per diluted share, representing net losses associated with changes in the carrying value of our strategic investments; partially offset by
- a pre-tax gain of $8 million, recorded in other income, net, or $0.06 per diluted share, representing a non-recurring gain associated with a foreign exchange forward contract utilized in conjunction with an acquisition, and
- $6 million of excess tax benefits associated with stock-based compensation arrangements, recorded in income tax expense, or $0.05 per diluted share.

Net Revenues

Net revenues for the three months ended September 30, 2025 increased by 13.1% compared to the prior year period. For the three months ended September 30, 2025, organic growth was 6.8% compared to the prior year period.

DIS revenues for the three months ended September 30, 2025 increased by 13.5% compared to the prior year period. For the three months ended September 30, 2025:

- The increase in DIS revenues compared to the prior year period was driven by both organic growth and the impact of recent acquisitions. For the three months ended September 30, 2025, recent acquisitions contributed approximately 6.5% to DIS revenues.
- DIS volume increased by 12.5% compared to the prior year period driven by the impact of recent acquisitions, which contributed approximately 8.6% to DIS volume, with organic volume up 3.9%.

- Total revenue per requisition was up 0.8% versus the prior year period as an increase in organic revenue per requisition was substantially offset by the impact of the LifeLabs acquisition (which carries a lower revenue per requisition). On an organic basis, revenue per requisition was up 3.0% in the quarter versus the prior year period driven primarily by an increase in the number of tests per requisition and test mix.

DS revenues for the three months ended September 30, 2025 decreased by 1.0% compared to the prior year period principally due to lower revenues associated with our risk assessment services offered to insurers.

Net revenues for the nine months ended September 30, 2025 increased by 13.5% compared to the prior year period. For the nine months ended September 30, 2025, organic growth was 4.8% compared to the prior year period.

DIS revenues for the nine months ended September 30, 2025 increased by 14.0% compared to the prior year period. For the nine months ended September 30, 2025:

- The increase in DIS revenues compared to the prior year period was driven primarily by the impact of recent acquisitions and, to a lesser extent, organic growth. For the nine months ended September 30, 2025, recent acquisitions contributed approximately 8.9% to DIS revenues.
- DIS volume increased by 13.8% compared to the prior year period driven by the impact of recent acquisitions, which contributed approximately 12.0% to DIS volume, with organic volume up by 1.8%.
- Revenue per requisition was flat compared to the prior year period. An increase in the number of tests per requisition and test mix was offset by the impact of LifeLabs, which has a lower revenue per requisition. On an organic basis, revenue per requisition increased 3.3% during the period.

DS revenues for the nine months ended September 30, 2025 decreased by 4.0% compared to the prior year period principally due to lower revenues associated with our risk assessment services offered to insurers.

Cost of Services

Cost of services consists principally of costs for obtaining, transporting and testing specimens as well as facility costs used for the delivery of our services.

For the three months ended September 30, 2025, cost of services increased by $190 million compared to the prior year period. The increase was primarily driven by the impact of recent acquisitions, wage increases and higher employee health care costs and, to a lesser extent, higher supplies expense, partially offset by cost savings and productivity improvements from our Invigorate program.

For the nine months ended September 30, 2025, cost of services increased by $609 million compared to the prior year period. The increase was primarily driven by the impact of recent acquisitions, wage increases, and, to a lesser extent, higher supplies expense, partially offset by cost savings and productivity improvements from our Invigorate program.

Selling, General and Administrative Expenses ("SG&A")

SG&A consist principally of the costs associated with our sales and marketing efforts, billing operations, credit loss expense and general management and administrative support as well as administrative facility costs.

For the three months ended September 30, 2025, SG&A increased by $53 million compared to the prior period. The increase was primarily driven by the impact of recent acquisitions, and, to a lesser extent, higher compensation costs.

For the nine months ended September 30, 2025, SG&A increased by $159 million compared to the prior period. The increase was primarily driven by the impact of recent acquisitions, and, to a lesser extent, higher compensation costs and higher depreciation expense.

The changes in the value of our deferred compensation obligations is largely offset by changes in the value of the associated investments, which are recorded in other income, net. For further details regarding our deferred compensation plans, see Note 17 to the audited consolidated financial statements included in our 2024 Annual Report on Form 10-K.

Amortization Expense

For the three and nine months ended September 30, 2025, amortization expense increased by $7 million and $27 million, respectively, compared to the prior year periods as a result of recent acquisitions.

Other Operating Expense, Net

Other operating expense, net includes miscellaneous income and expense items and other charges related to operating activities.

For the three months ended September 30, 2025, other operating expense, net is comprised of a $15 million charge to earnings related to legal matters, an impairment charge of $5 million on certain long-lived assets related to the exit of a business and $2 million of losses associated with the increase in the fair value of the contingent consideration accrual associated with previous acquisitions.

For the nine months ended September 30, 2025, other operating expense, net includes a $46 million gain from a payroll tax credit under the CARES Act associated with the retention of employees. Additionally, during the nine months ended September 30, 2025, we also recorded an impairment charge of $29 million on certain long-lived assets related to the exit of a business, a $15 million charge to earnings related to legal matters and $8 million of losses associated with the increase in the fair value of the contingent consideration accrual associated with previous acquisitions.

For both the three and nine months ended September 30, 2024, other operating expense, net primarily represents losses associated with the increase in the fair value of the contingent consideration accrual associated with previous acquisitions.

Interest Expense, Net

For the three and nine months ended September 30, 2025, interest expense, net increased by $17 million and $64 million, respectively, compared to the prior year periods primarily due to the issuance during August 2024 of $1.85 billion of senior notes.

Other Income, Net

Other income, net represents miscellaneous income and expense items related to non-operating activities, such as gains and losses associated with investments and other non-operating assets.

For the three and nine months ended September 30, 2025, other income, net included $7 million and $16 million, respectively, of gains associated with investments in our deferred compensation plans.

For the three and nine months ended September 30, 2024, other income, net included $6 million and $18 million, respectively, of gains associated with investments in our deferred compensation plans. Additionally, both periods included an $8 million gain associated with a foreign exchange forward contract utilized in conjunction with an acquisition.

Income Tax Expense

Income tax expense for the three months ended September 30, 2025 and 2024 was $77 million and $65 million, respectively.

The effective income tax rate for the three months ended September 30, 2025 and 2024 was 23.6% and 21.9%, respectively. The effective income tax rates benefited from $3 million of excess tax benefits associated with stock-based compensation arrangements for each of the three months ended September 30, 2025 and 2024.

Income tax expense for the nine months ended September 30, 2025 and 2024 was $233 million and $205 million, respectively.

The effective income tax rate for the nine months ended September 30, 2025 and 2024 was 23.6% and 23.4%, respectively. The effective income tax rate benefited from $15 million and $6 million of excess tax benefits associated with stock-based compensation arrangements for the nine months ended September 30, 2025 and 2024, respectively.

Equity in Earnings of Equity Method Investees, Net of Taxes

Equity in earnings of equity method investees, net of taxes, increased by $2 million for the three months ended September 30, 2025, compared to the prior year period.

Equity in earnings of equity method investees, net of taxes, increased by $21 million for the nine months ended September 30, 2025, compared to the prior year period, primarily due to the nine months ended September 30, 2024 including $11 million of net losses associated with changes in the carrying value of our strategic investments and the nine months ended September 30, 2025 including an $8 million non-recurring gain related to a lease.

Quantitative and Qualitative Disclosures About Market Risk

We address our exposure to market risks, principally the risk of changes in interest rates, through a controlled program of risk management that includes the use of derivative financial instruments. We do not hold or issue derivative financial instruments for speculative purposes. We seek to mitigate the variability in cash outflows that result from changes in interest rates by maintaining a balanced mix of fixed-rate and variable-rate debt obligations. In order to achieve this objective, we have historically entered into interest rate swap agreements. Interest rate swap agreements involve the periodic exchange of payments without the exchange of underlying principal or notional amounts. Net settlements are recognized as an adjustment to interest expense, net. We believe that our exposures to foreign exchange impacts and changes in commodity prices are not material to our consolidated results of operations, financial position or cash flows.

As of September 30, 2025 and December 31, 2024, the fair value of our debt was estimated at approximately $5.7 billion and $6.1 billion, respectively, principally using quoted prices in active markets and yields for the same or similar types of borrowings, taking into account the underlying terms of the debt instruments. As of September 30, 2025 and December 31, 2024, the estimated fair value was more than (less than) the carrying value of the debt by $56 million and $(112) million, respectively. A hypothetical 10% increase in interest rates (representing 45 basis points and 35 basis points as of September 30, 2025 and December 31, 2024, respectively) would potentially reduce the estimated fair value of our debt by approximately $141 million and $184 million, respectively, as of September 30, 2025 and December 31, 2024.

Borrowings under our secured receivables credit facility and our senior unsecured revolving credit facility are subject to variable interest rates. Interest on our secured receivables credit facility is based on either commercial paper rates for highly-rated issuers or the adjusted Term Secured Overnight Financing Rate ("Term SOFR"), plus a spread. Interest on our senior unsecured revolving credit facility is based on certain published rates plus an applicable margin based on changes in our public debt ratings. As such, our borrowing cost under this credit arrangement is subject to fluctuations in interest rates and changes in our public debt ratings. As of September 30, 2025, the borrowing rates under these debt instruments were: for our secured receivables credit facility, commercial paper rates for highly-rated issuers or the adjusted Term SOFR, plus a spread of 0.80%; and for our senior unsecured revolving credit facility, the adjusted Term SOFR, plus 1.00%. As of September 30, 2025, there were no borrowings outstanding under either the secured receivables credit facility or the senior unsecured revolving credit facility.

The notional amount of fixed-to-variable interest rate swaps outstanding as of September 30, 2025 and December 31, 2024 was $1.8 billion and $700 million, respectively. The aggregate fair value of the fixed-to-variable interest rate swaps was $18 million and $(34) million, in an asset (liability) position, as of September 30, 2025 and December 31, 2024, respectively.

Based on our net exposure to interest rate changes, a hypothetical 10% change to the variable rate component of our variable-rate indebtedness would not materially change our annual interest expense. A hypothetical 10% change in the SOFR curve (representing a 36 basis points change in the weighted average yield) would potentially change the fair value of our fixed- to-variable interest rate swaps by $46 million.

For further details regarding our outstanding debt, see Note 7 to the interim unaudited consolidated financial statements and Note 13 to the audited consolidated financial statements included in our 2024 Annual Report on Form 10-K. For details regarding our financial instruments and hedging activities, see Note 8 to the interim unaudited consolidated financial statements and Note 15 to the audited consolidated financial statements included in our 2024 Annual Report on Form 10-K.

Risk Associated with Investment Portfolio

Our investment portfolio primarily includes equity investments comprised mostly of strategic holdings in companies concentrated in the life sciences and healthcare industries. Equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) with readily determinable fair values are measured at fair value in our consolidated balance sheet with changes in fair value recorded in current earnings in our consolidated statement of operations. Equity investments that do not have readily determinable fair values (which consist of investments in preferred and common shares of private companies) are measured at cost minus impairment, if any, plus or minus changes resulting from observable price changes.

We regularly evaluate equity investments that do not have readily determinable fair values to determine if there are any indicators that the investments are impaired. The carrying value of our equity investments that do not have readily determinable fair values was $36 million as of September 30, 2025. In conjunction with the preparation of our September 30, 2025 financial statements, we considered whether the carrying values of our investments were impaired and concluded that no such impairment existed.

We do not hedge our equity price risk. The impact of an adverse movement in equity prices on our holdings in privately held companies cannot be easily quantified as our ability to realize returns on investments depends on, among other things, the enterprises' ability to raise additional capital or derive cash inflows from continuing operations or through liquidity events such as initial public offerings, mergers or private sales.

Liquidity and Capital Resources

	Nine Months Ended September 30,		
	2025	**2024**	**Change**
	(dollars in millions)		
Net cash provided by operating activities	$ 1,421	$ 870	$ 551
Net cash used in investing activities	(440)	(2,046)	1,606
Net cash (used in) provided by financing activities	(1,101)	1,254	(2,355)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	3	—	3
Net change in cash and cash equivalents and restricted cash	$ (117)	$ 78	$ (195)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly-liquid short-term investments with original maturities, at the time of acquisition, of three months or less. Cash and cash equivalents as of September 30, 2025 totaled $432 million, compared to $549 million as of December 31, 2024.

As of September 30, 2025, approximately 17% of our $432 million of consolidated cash and cash equivalents were held outside of the United States.

Cash Flows from Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2025 and 2024 was $1.4 billion and $870 million, respectively. The $551 million increase in net cash provided by operating activities for the nine months ended September 30, 2025, compared to the prior year period, was primarily a result of increased operating income, the timing of non-income tax payments, decreased income tax payments due to the OBBBA (see above for further discussion), and the payroll tax credit under the CARES Act.

Days sales outstanding, a measure of billing and collection efficiency, was 47 days as of September 30, 2025, 48 days as of December 31, 2024 and 49 days as of September 30, 2024.

Cash Flows from Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2025 and 2024 was $440 million and $2.0 billion, respectively. This $1.6 billion decrease in net cash used in investing activities for the nine months ended September 30, 2025, compared to the prior year period, was a result of decreased cash used for business acquisitions, partially offset by higher capital expenditures.

Cash Flows from Financing Activities

Net cash (used in) provided by financing activities for the nine months ended September 30, 2025 and 2024 was $(1.1) billion and $1.3 billion, respectively. The nine months ended September 30, 2025 included the repayment in full of the outstanding indebtedness under our $600 million of 3.50% senior notes at maturity and $150 million of share repurchases of our common stock. The nine months ended September 30, 2024 included both the issuance of $1.85 billion of Senior Notes during August 2024 and the repayment in full of the outstanding indebtedness under our $300 million of 4.25% senior notes at maturity.

During the nine months ended September 30, 2025, we borrowed $410 million under our secured receivables credit facility, which was repaid prior to September 30, 2025. During the nine months ended September 30, 2025, there were no borrowings or repayments under our senior unsecured revolving credit facility. During the nine months ended September 30, 2024, there were no borrowings or repayments under our secured receivables credit facility and our senior unsecured revolving credit facility.

Dividend Program

During the first three quarters of 2025, our Board of Directors declared a quarterly cash dividend of $0.80 per common share. During each of the four quarters of 2024, our Board of Directors declared a quarterly cash dividend of $0.75 per common share.

Share Repurchase Program

As of September 30, 2025, $0.7 billion remained available under our share repurchase authorization. The share repurchase authorization has no set expiration or termination date.

Share Repurchases

For the nine months ended September 30, 2025, we repurchased 0.9 million shares of our common stock for $150 million.

For the nine months ended September 30, 2024, we repurchased no shares of our common stock.

Contractual Obligations

A description of the terms of our indebtedness and related debt service requirements is contained in Note 13 to the audited consolidated financial statements included in our 2024 Annual Report on Form 10-K.

A discussion of our lease obligations is contained in Note 14 to the audited consolidated financial statements included in our 2024 Annual Report on Form 10-K.

A discussion of our noncancellable commitments to purchase products or services is contained in Note 18 to the audited consolidated financial statements included in our 2024 Annual Report on Form 10-K.

Equity Method Investees

Our equity method investees primarily consist of a diagnostic information services joint venture and an investment in a fund that purchases strategic holdings in private companies in the healthcare industry. Such investees are accounted for under the equity method of accounting. Our investment in equity method investees is less than 5% of our consolidated total assets. Our proportionate share of income before income taxes associated with our equity method investees is less than 5% of our consolidated income before income taxes and equity in earnings of equity method investees. We have no material unconditional obligations or guarantees to, or in support of, our equity method investees and their operations.

In conjunction with the preparation of our September 30, 2025 financial statements, we considered whether the carrying values of our equity method investments were impaired and concluded that no such impairment existed.

Requirements and Capital Resources

We estimate that we will invest approximately $500 million during 2025 for capital expenditures, to support and grow our existing operations, principally related to investments in laboratory equipment and facilities, including laboratory automations and information technology to support our diagnostic offerings.

In February 2025, we committed to a multi-year project ("Project Nova") to modernize our "Order-to-Cash" business processes including related information technology infrastructure and underlying enabling technologies. As part of the project, we are partnering with a third-party, Epic, via a license agreement. We expect to deliver value throughout the implementation of Project Nova, as it unlocks a variety of streamlined operational benefits, reduced technology-related operating costs, accelerated revenue opportunities and improvements to the customer and patient experience. See our 2024 Annual Report on Form 10-K for further details.

We have $500 million of 3.45% senior notes due June 2026.

As of September 30, 2025, we had $1.3 billion of borrowing capacity available under our existing credit facilities, including $522 million available under our secured receivables credit facility and $750 million available under our senior unsecured revolving credit facility. There were no borrowings outstanding under either the secured receivables credit facility or the senior unsecured revolving credit facility as of September 30, 2025. In support of our risk management program, $78 million in letters of credit under the secured receivables credit facility were outstanding as of September 30, 2025.

Our secured receivables credit facility is subject to customary affirmative and negative covenants, and certain financial covenants with respect to the receivables that comprise the borrowing base and secure the borrowings under the facility. Our senior unsecured revolving credit facility is also subject to certain financial covenants and limitations on indebtedness. As of September 30, 2025, we were in compliance with all such applicable financial covenants.

We believe that our cash and cash equivalents and cash from operations, together with our borrowing capacity under our credit facilities, will provide sufficient financial flexibility to fund seasonal and other working capital requirements, capital expenditures, debt service requirements and other obligations, cash dividends on common shares, share repurchases and additional growth opportunities, including acquisitions, for the foreseeable future. However, should it become necessary, we believe that our credit profile should provide us with access to additional financing in order to fund normal business operations, make interest payments, fund additional growth opportunities, including acquisitions, and satisfy upcoming debt maturities.

Forward-Looking Statements

Some statements and disclosures in this document are forward-looking statements. Forward-looking statements include all statements that do not relate solely to historical or current facts and can be identified by the use of words such as “may,” “believe,” “will,” “expect,” “project,” “estimate,” “anticipate,” “plan”, "aim", or “continue.” These forward-looking statements are based on our current plans and expectations and are subject to a number of risks and uncertainties that could cause our plans and expectations, including actual results, to differ materially from the forward-looking statements. Risks and uncertainties that may affect our future results include, but are not limited to, uncertain and volatile economic conditions, adverse results from pending or future government investigations, lawsuits or private actions, the competitive environment, the complexity of billing, reimbursement and revenue recognition for clinical laboratory testing, changes in government policies, including related to trade, and regulations, changing relationships with customers, payers, suppliers and strategic partners, acquisitions and other factors discussed in our most recently filed Annual Report on Form 10-K and 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Item 4. Controls and Procedures

Management, including our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended). Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report.

During the third quarter of 2025, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended) that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See Note 11 to the interim unaudited consolidated financial statements for information regarding the status of legal proceedings involving the Company.

Item 1A. Risk Factors

Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2024 includes a discussion of our risk factors. There have been no material changes in the risk factors described in that report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth the information with respect to purchases made by or on behalf of the Company of its common stock during the third quarter of 2025.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
July 1, 2025 – July 31, 2025				
Share Repurchase Program (A)	220,867	$ 169.78	220,867	$ 848,415
Employee Transactions (B)	862	$ 169.06	N/A	N/A
August 1, 2025 - August 31, 2025				
Share Repurchase Program (A)	588,957	$ 178.16	588,957	$ 743,485
Employee Transactions (B)	4,824	$ 176.88	N/A	N/A
September 1, 2025 – September 30, 2025				
Share Repurchase Program (A)	42,070	$ 179.82	42,070	$ 735,920
Employee Transactions (B)	162	$ 184.13	N/A	N/A
Total				
Share Repurchase Program (A)	851,894	$ 176.07	851,894	$ 735,920
Employee Transactions (B)	5,848	$ 175.93	N/A	N/A

(A) Since the share repurchase program's inception in May 2003, our Board of Directors has authorized $13 billion of share repurchases of our common stock through September 30, 2025. The share repurchase authorization has no set expiration or termination date.

(B) Includes: (1) shares delivered or attested to in satisfaction of the exercise price and/or tax withholding obligations by holders of stock options (granted under the Company's Amended and Restated Employee Long-Term Incentive Plan) who exercised options; and (2) shares withheld (under the terms of grants under the Amended and Restated Employee Long-Term Incentive Plan) to offset tax withholding obligations that occur upon the delivery of outstanding common shares underlying restricted stock units and performance share units.

Item 5. Other Information

a. None

b. None

c. Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements by Our Directors and Officers

During the quarterly period covered by this report, our directors and officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, terminated or modified the Rule 10b5-1 trading arrangements (as defined in Item 408 of Regulation S-K) set forth in the table below. No non-Rule 10b5-1 trading arrangements were adopted, modified or terminated by any director or officer during the quarterly period covered by this report.

Name	**Title**	**Type of Trading Arrangement**	**Security**	**Action**	**Date of Action**	**Duration of Trading Arrangement**	**Aggregate Number of Securities Covered**
Jim Davis	Chairman, CEO, and President	Rule 10b5-1 plan to sell	Common Stock	Adoption	August 26, 2025	August 26, 2025 to December 4, 2026*	Up to 95,093*
Mark Delaney	SVP and Chief Commercial Officer	Rule 10b5-1 plan to sell	Common Stock	Adoption	August 18, 2025	August 18, 2025 to May 11, 2026*	Up to 7,946*

* Includes shares of common stock to be released from: (a) stock options and/or restricted stock units that are expected to vest and/or (b) performance share awards that may vest, subject to the satisfaction of the applicable performance metrics. The actual number of shares of common stock that will be released is not yet determinable and the actual number of shares of common stock that will be sold will be net of the number of shares withheld to satisfy employee tax withholding obligations.

Item 6. Exhibits

Exhibits:

22	Subsidiary Guarantors of Securities
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document - dgx-20250930.xsd
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document - dgx-20250930_cal.xml
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document - dgx-20250930_def.xml
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document - dgx-20250930_lab.xml
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document - dgx-20250930_pre.xml
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

October 21, 2025
Quest Diagnostics Incorporated

By /s/ James E. Davis
James E. Davis
Chairman, Chief Executive Officer
and President

By /s/ Sam A. Samad
Sam A. Samad
Executive Vice President and
Chief Financial Officer

<u>Exhibit 22</u>

<u>Subsidiary Guarantors of Securities</u>

As of October 21, 2025, the following subsidiaries of Quest Diagnostics Incorporated provided, subject to the terms of such senior notes, unconditional and irrevocable guarantees to the senior notes listed below that were issued by Quest Diagnostics Incorporated pursuant to an offering registered under the Securities Act of 1933, as amended:

Securities	Issuer	Subsidiary Guarantor	State of Organization
6.95% Senior Notes due 2037 5.75% Senior Notes due 2040	Quest Diagnostics Incorporated	American Medical Laboratories, Incorporated	Delaware
		AmeriPath, Inc.	Delaware
		AmeriPath Consolidated Labs, Inc.	Florida
		AmeriPath Florida, LLC	Delaware
		AmeriPath Hospital Services Florida, LLC	Delaware
		AmeriPath Kentucky, Inc.	Kentucky
		AmeriPath New York, LLC	Delaware
		AmeriPath Texas, Inc.	Delaware
		Blueprint Genetics Inc.	Delaware
		Diagnostic Pathology Services, Inc.	Oklahoma
		ExamOne World Wide, Inc.	Pennsylvania
		ExamOne World Wide of NJ, Inc.	New Jersey
		Kailash B. Sharma, M.D., Inc.	Georgia
		LabOne, LLC	Missouri
		LabOne of Ohio, Inc.	Delaware
		Ocmulgee Medical Pathology Association, Inc.	Georgia
		Quest Diagnostics Clinical Laboratories, Inc.	Delaware
		Quest Diagnostics Holdings Incorporated	Delaware
		Quest Diagnostics Incorporated	Maryland
		Quest Diagnostics Incorporated	Nevada
		Quest Diagnostics Investments LLC	Delaware
		Quest Diagnostics LLC	Connecticut
		Quest Diagnostics LLC	Illinois
		Quest Diagnostics LLC	Massachusetts
		Quest Diagnostics Nichols Institute	California
		Quest Diagnostics Nichols Institute, Inc.	Virginia
		Quest Diagnostics of Pennsylvania Inc.	Delaware
		Specialty Laboratories, Inc.	California
		Unilab Corporation	Delaware

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James E. Davis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quest Diagnostics Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 21, 2025

By /s/ James E. Davis

James E. Davis
Chairman, Chief Executive Officer and
President

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Sam Samad, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quest Diagnostics Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

October 21, 2025

By /s/ Sam Samad

Sam Samad
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, the undersigned certifies that, to the best of my knowledge, the Quarterly Report on Form 10-Q for the period ended September 30, 2025 of Quest Diagnostics Incorporated, as being filed with the Securities and Exchange Commission concurrently herewith, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m or 78o(d)) and that the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Quest Diagnostics Incorporated.

Dated: October 21, 2025

/s/ James E. Davis

James E. Davis
Chairman, Chief Executive Officer and
President

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, the undersigned certifies that, to the best of my knowledge, the Quarterly Report on Form 10-Q for the period ended September 30, 2025 of Quest Diagnostics Incorporated, as being filed with the Securities and Exchange Commission concurrently herewith, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m or 78o(d)) and that the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Quest Diagnostics Incorporated.

Dated: October 21, 2025

/s/ Sam Samad

Sam Samad
Executive Vice President and
Chief Financial Officer