Leadership Meeting Focuses on Our ‘Path Forward’

One year after introducing Our New Quest, President and CEO Steve Rusckowski kicked off the company’s November 27, 2013 Leadership Meeting in Parsippany, N.J. with a candid assessment of our overall performance and our plans to improve. More than 160 senior leaders gathered at this three-day meeting to discuss the progress we’re making in Our New Quest and how we can best achieve our vision and goals and effectively execute our five-point strategy.

“We said 2013 would be a building year, and it has been,” Steve remarked in his opening address. “We’ve implemented a great deal of change in a very short time and we have made tremendous progress. At the same time, we are being outperformed by the competition, so there is an urgent need to restore growth. Now is a good time to take stock of how we’re doing and find out what’s holding us back so we can make needed changes, map our path forward, and realize our goals and true potential.”

‘Strategic Fitness Process’ Launched

The company launched a ‘strategic fitness process’ to uncover candid feedback from deep within the organization that can help identify the key issues that are impacting our performance. A small strategic fitness team collected candid, anonymous feedback from a diverse group of leaders across the organization and shared it last month with the Senior Management Team (SMT) and last week more broadly at the Leadership Meeting. The SMT will review feedback received at the meeting and compile it into an action plan that will be announced in coming weeks.

Despite all the change, Steve noted that employees have been extremely supportive. The full-census employee survey conducted this past summer showed strong engagement and pride, as well as broad-based support for Our New Quest and a feeling that Quest colleagues are being kept informed.
Welcome to the inaugural issue of OurVoice nationwide, the Esoteric Region’s new employee newsletter! Review it and discover what’s new in your region and beyond. Let us know what you think, or share any ideas for future issues, by leaving us a message at (949) 728-4504.

A Safe Workplace Starts With You

The Esoteric Business Unit (EBU) ended 2013 showing outstanding improvement regarding Occupational Safety and Health Administration (OSHA) serious incident metrics. OSHA serious incidents are those incidents that require more than first aid including medications, or time off, or restricted duty, or an injury caused by a needlestick. We ended the year with a rate of 1.14, which exceeded the Corporate 2X goal of 1.68.

It is important that any incident occurring as a result of your work at Quest Diagnostics be reported to your local EHS group in a timely manner. Each EBU has a specific policy on reporting, but all include reporting the incident in writing to the local EHS group within 24-48 hours after the incident. Prompt notification will allow your local EHS group to review the incident and implement corrective and preventive actions to reduce the likelihood of the same type of incident occurring to another person. If you are experiencing ergonomic discomfort, be sure to report it to your EHS Team before requiring a doctor’s visit. EHS can perform an ergonomic assessment and suggest improvements to either your work station or work habits to eliminate your discomfort without the hassle of going to the doctor.

2013 Invigorate Results

Tier 1 (Exceeding Customer Expectations Scorecard)

<table>
<thead>
<tr>
<th>Metric Item</th>
<th>Target</th>
<th>Actual</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost (Invigorate)</td>
<td>$44M</td>
<td>$56M</td>
<td>2.0X</td>
</tr>
<tr>
<td>Delivery (TAT - Top 500)</td>
<td>100,000 DPMO</td>
<td>63,625</td>
<td>1.73X</td>
</tr>
<tr>
<td>Safety (OSHA Rate)</td>
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<td>1.14</td>
<td>2.0X</td>
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<tr>
<td>Service (Capture Rate)</td>
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<td>1.39X</td>
</tr>
<tr>
<td>Quality (Lost Specimens)</td>
<td>10</td>
<td>5.04</td>
<td>1.71X</td>
</tr>
</tbody>
</table>

Congratulations everyone! You help deliver 1.75X on this critical customer index for Quest Diagnostics.

Quest Diagnostics Overall Invigorate Results
Target = $297M
Actual = $270M (-$27M to target)

Esoteric Overall Invigorate Results
Target = $44M
Actual = $56M (+$12M to target)

Again, congratulations everyone! You helped to deliver 20% of overall Quest Diagnostics financial savings and $12M additional to target to help close the overall cost savings gap.

HRSC and IT Transformations

As part of Our New Quest, our organization has made significant changes this past year as Quest Diagnostics embraces the key strategy of restoring growth and driving operational excellence. As part of that strategy, the Human Resources function has initiated changes that demonstrates that no function is immune to the challenge given by our senior leaders.

The Esoteric region was part of the phase one launch of the transformation last fall. The most visible piece of the transformation, the HRSC, is the primary point of contact for all Quest employees on all HR activities. Two call centers will provide live assistance Monday-Friday from 8am-8pm EST; 5am-5pm PST, along with a website that can be accessed 24/7. Through the HRSC, employees will be able to handle day-to-day items such as questions on payroll, benefits, educational assistance, etc. in a one-stop shop.

To contact the HRSC, please call their toll-free number at:

(855) 411-8511 from 8am-8pm EST/5am-5pm PST, Monday-Friday or you can access their website 24/7 at: questnet1qdx.com/yourhrservicecenter.

On November 1, the IT organization transitioned most Infrastructure technical services, including the employee Service Desk, to our partner Wipro. A leading global technology company, Wipro is providing support both onsite in some of our U.S. locations as well as in the Philippines and India. The IT Service Desk, based in the Philippines, will continue to provide round-the-clock support.

Contacting IT

To request support from the IT organization, employees should continue to call the support numbers:

General IT support: 877-537-8378
Employees who typically use the IT Service Portal on the intranet can continue to do so. The portal will re-launch soon with an updated and easier-to-use interface.
A Message from Katie

Throughout all of these changes and growth, our commitment to quality remained steadfast with our locations meeting our goals for TAT, lost tests, revised reports, CAP proficiency and improving our TAT for Anchor tests.

First and foremost, I would like to welcome you to our inaugural issue of OurVoice for the Esoteric Region. As we begin 2014, let us take some time to look back on what we accomplished in the past year. 2013 was as President and CEO, Steve Rusckowski put it, “A building year with a lot of changes in a short time.” From an Esoterics perspective, 2013 brought a lot of successes on a multitude of fronts.

The Esoteric region experienced a lot of growth and innovation throughout last year. We invested heavily in capital and informatics to begin building our Next Generation Sequencing (NGS) capabilities at Athena, Chantilly and SJC. Our teams brought to market over 50 new offerings that support all seven clinical franchises such as CardioIQ, BRCA testing, Prescription Drug Monitoring, neurology, infectious disease and women’s health. We also invested sizably into upgrading and maintaining our physical facilities over the course of 2013. Last year saw the completion of two important pieces of our California Optimization Project, otherwise known as Project Redwood and the consolidation of Berkeley Heart Lab into SJC’s portfolio through CardioIQ. We also launched the Quest Operating Model (QOM) at our Chantilly site (See article on page 7), which will be launched this year at SJC and Valencia. Through these initiatives as well as those involving reagent utilization, automation and platform conversion, Esoterics contributed 21% cost savings to the company’s overall target.

Financially, our business went to a “Cost Center” model, in which our success and growth is now measured on overall cost rather than revenues or operating margins. Our Invigorate program continued to deliver strong results through lab optimization programs such as Project Redwood and the consolidation of Berkeley Heart Lab into SJC’s portfolio through CardioIQ. We also launched the Quest Operating Model (QOM) at our Chantilly site (See article on page 7), which will be launched this year at SJC and Valencia. Through these initiatives as well as those involving reagent utilization, automation and platform conversion, Esoterics contributed 21% cost savings to the company’s overall target.

In closing, 2013 was indeed a year of building and growth and 2014 will be no different. I look forward to working with all of you through the coming year as we continue to embark on “The Path Forward”.

Steve Rusckowski Visits SJC for a Special Town Hall Meeting

Quest Diagnostics President and CEO, Steve Rusckowski, and CFO, Mark Guinan, visited the Nichols Institute in San Juan Capistrano on January 13 during a recent west coast trip. The visit included a town hall meeting for SJC employees to review the successes of the past year and “The Path Forward” initiative (As featured on our cover). The presentation was followed by a 30-minute Q&A session which covered such topics as the IT transformation, plans for restoring growth, and a future round of the VSP program.

From a personnel standpoint, 2013 saw a lot of changes with reorganization of the Esoteric Leadership Team, the creation of the Esoteric Customer Solutions team and the introduction of the Business Operations Director position. Additionally, the Esoteric region exceeded the company average on employee engagement results during the company survey last summer along with our SJC site returning to The Orange County Register’s Top Places to Work list for the first time since 2010. 2013 also can be remembered for being the year of the CLS on the West Coast as we graduated 65 students from our CLS program in SJC as well as opened a training program through Focus Diagnostics.

Throughout all of these changes and growth, our commitment to quality remained steadfast with our locations meeting our goals for TAT, lost tests, revised reports, CAP proficiency and improving our TAT for Anchor tests. Additionally, the Focus Reference Lab and Chantilly site accomplished world-class Customer Satisfaction scores during their annual surveys.

In closing, 2013 was indeed a year of building and growth and 2014 will be no different. I look forward to working with all of you through the coming year as we continue to embark on “The Path Forward”.

Katie Bishar, Vice President, Esoteric Operations
ER Corner: RecognitionQuest

In response to the feedback received from the 2013 Employee Survey many improvements have been made to RecognitionQuest. Changes that affect you include, the company paying the tax on RecognitionQuest points received by employees, the allotment of points provided to all employees which may be used to nominate another employee (without any approval required), and the streamlining of RecognitionQuest to feature just two nominations types: Points-Based Recognition and Appreciating Each Other (no points). All of these enhancements were effective October 1, 2013.

In addition, in the spirit of Project Simplify, the company unveiled seven company-wide awards consolidated from 20. These seven awards are linked to our three company goals: Helping to create a healthier world, building value and creating an inspiring workplace.

The seven awards are:

- **Quest Heroes** - Quest Heroes inspire us as they demonstrate exemplary behavior and performance for our clients/patients/colleagues. Nominate a colleague for this company-wide award by going to the company intranet. Choose Employee Center and then RecognitionQuest. Nominations close February 15, 2014.

- **Empowering Better Health** - This award honors the technical, clinical and/or business achievements that contribute to a healthier world.

- **Inspirational Leadership** - This award celebrates outstanding leadership that is collaborative, engaging and results oriented which creates an inspiring workplace.

- **Freeman Business Improvement Competition** - Teams across the company compete for the best process improvement project that demonstrates use of Quest Diagnostics’ Business Performance Tools.

- **Gambino Award** - This employee focus group-approved award stands out as the company’s most memorable. The region that excels at meeting the highest quality standards will be honored.

- **Rusckowski Cup** - This award recognizes the collaborative efforts of the sales region with the most sales volume growth.

- **President’s Club** - This is the highest award given to our commercial (Sales and Marketing) colleagues who have exceeded their annual targets and achieved key performance metrics.

In October 2013, there were 700 names submitted for the Inspirational Leaders Award; Esoteric had five semi-finalists submitted. They were:

- **Athena**
  - Khalida Liaquat
  - Genetics Counselor I

- **Chantilly**
  - Tammy Springer
  - Lab Support Supervisor

- **SJC**
  - Meliza Surla
  - CLS Laboratory Manager

- **Valencia**
  - Joan Evangelista
  - Specimen Processing Group Lead

- **Behnaz Dardashti**
  - Quality Assurance Manager

Congratulations to each of you for your great accomplishment! If you have any questions regarding RecognitionQuest contact Erica Abram, Esoteric Senior Employee Relations Partner.

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Genetic Counselors Teaming Up for Patient Satisfaction

Submitted by Lisa Pike-Buchanan, ScM, CGC, Genetic Counselor, Chantilly

Supporting the Quest Diagnostics Esoteric and Regional laboratories is a team of twenty lab-based genetic counselors. The role of the genetic counselor is to serve as a liaison between our clients and the laboratory. In this role, one of the major responsibilities is incoming case management and genetic test coordination. Sometimes, this requires sharing specimens between multiple Esoteric sites. The following is a recent success story involving a prenatal specimen, requiring the cooperation and collaboration of multiple departments at two of our Esoteric labs, Chantilly and SJC.

A client contacted one of the Quest Diagnostics’ genetic counselors to discuss prenatal testing for spinal muscular atrophy (SMA), a family of genetic disorders characterized by progressive muscle weakness. The client had sent her patient’s chorionic villus sampling (CVS) prenatal specimen to SJC for routine chromosome analysis and SMA testing, since the fetus was at 25% risk to be affected. She requested a preliminary SMA result on the fetus, which would require testing part of the direct CVS specimen. Since the Molecular Genetics Department in Chantilly is the only Quest site that has this sample type validated for fetal SMA testing, part of the sample needed to be sent to Chantilly. The Quest genetic counselors from Chantilly and SJC worked together with staff in the Cyto genetics, Molecular Genetics, and Specimen Processing departments at both Esoteric labs to coordinate the shipping, processing and testing of this irreplaceable specimen.

The Quest counselor was able to call the patient’s genetic counselor with good news, that the preliminary result showed the fetus was not affected with SMA, within a few days. The client and the patient were very grateful to receive the preliminary result so quickly. If we had not been able to test the direct CVS, the patient would have had to wait for at least two weeks for cultured CVS cells to grow in order to complete the SMA fetal testing. Time is of the essence during an ongoing pregnancy, with parents anxiously awaiting test results. We collaborated successfully, working as one team, to put the patient at the center of all that we do.
Demonstrating how we make a difference in the communities in which we live and serve through QuestCares, the Esoteric region employees accomplished a variety of charity and fundraising activities in 2013.

Chantilly employees supported 22 different qualified local and national organizations that included the American Cancer Society, Toys for Tots, Cystic Fibrosis Foundation and several others. They also organized or directly supported 36 various QuestCares charity activities that included bake sales, blood drives, food collections and silent auction. Employee cash donations raised from these activities were $10,093. The QuestCares committee requested and received $40,000 in corporate sponsorships for direct support of local events with the American Cancer Society and Cystic Fibrosis Foundation. Throughout the year, vendor shows were popular with employees for providing good value products and convenient shopping. Chantilly hosted 66 vendor sale events resulting in a combined total of $4,306 in donations. In the coming months Chantilly anticipates organizing their 2014 QuestCares kickoff event.

SJC’s QuestCares efforts raised $10,159 on behalf of the American Cancer Society’s Making Strides Against Breast Cancer walk in October (including company matching). Seniors and children in need also benefitted from SJC’s efforts during the holiday season. Employees fulfilled 71 gift requests for the Council on Aging-Orange County’s SmileMaker’s Angel program as well as collected 83 toys for the Marine Corps Reserve’s annual Toys for Tots campaign.

Focus Diagnostics showed their QuestCares dedication to community both locally and globally. In 2013, Focus raised more than $33,000 (including matching gifts) for the Leukemia & Lymphoma Society. Additionally, they raised $5,644 for the American Cancer Society Making Strides Walk. During the fall, they rallied to support Philippine typhoon relief through a catered lunch and jewelry trunk show, raising more than $4,000 to benefit victims.

Highlights of Athena’s QuestCares activities include March for Babies, which raised $2,625, and Walk to End Alzheimer’s, which raised more than $1,600. December’s annual Giving Tree event involved employees selecting a tag belonging to a specific child in need and purchasing the gift(s) that the child requests. This year Athena collected gifts for 60 children at the Guild of St. Agnes. Employees also collected toys on behalf of Toys for Tots to support the U.S. Marine Corps’ campaign. This year they filled two large collection boxes with unwrapped toys for deserving girls and boys.

Valencia

Spotlight: Michael Dugan, M.D., Medical Director, Valencia

As a boy growing up in a small town in Arizona, Mike Dugan enjoyed building dams and bridges in his yard when he wasn’t constructing miniature highways for his Matchbox cars. These inclinations seemed to presage a career as an engineer. However, a greater passion diverted that drive; it was Mike’s “native curiosity to science” that led him on a different path.

Medical science sparked his interest in high school and developed throughout college when he studied genetics, embryology, and evolutionary biology. As he moved on to higher education, he decided to pursue medical school and eventually attend University of Arizona College of Medicine. There he met and worked with Thomas Grogan, M.D. (founder of Ventana Medical Systems, Inc.) who convinced Mike to pursue the fascinating field of pathology.

Mike trained at Yale with a famed pathologist, Juan Rosai, and rose to chief resident of anatomic pathology diagnosing rare tumors. Pursuing interests in the genetics of tumors in children, Mike moved on to Children’s Hospital Los Angeles as a pediatric pathology fellow. He eventually moved on to UCLA to study clinical laboratory medicine, particularly genetics and leukemia related tests. There he meet Sanaa, the “woman of a thousand colors” (referring to her clothes rather than her Diff-Quik hematology skills) whom he married a year and a half later on a mountaintop in Death Valley National Park. Mike took a position at Wayne State University and Children’s Hospital of Michigan. Three years later he and Sanaa returned to sunny Southern California with the first of their two children.

With a breadth of medical experience, Mike led an ambitious career rising to chief of pathology, lab director, vice president and chief medical officer in such places as UCLA Medical Center - Santa Monica, Genzyme Genetics, Roche Molecular and several smaller biotech companies. He was vice president and laboratory director at Specialty Laboratories (now Quest Diagnostics Nichols Institute, Valencia) for nearly five years. When the medical director position opened up at Valencia, we welcomed Mike back - a man of solid reputation and medical knowledge, yet equally a person of kindness and integrity.
San Juan Capistrano

After a two year absence, Quest Diagnostics Nichols Institute, SJC, was selected as one of Orange County’s “Top Places to Work” in the annual survey sponsored by the Orange County Register.

Prior to this recent award, SJC was featured as a top place to work in Orange County for three consecutive years, 2008, 2009, and 2010 with two “Top Ten” rankings in 2009 (8th) and 2010 (5th).

Hockey Night in Anaheim

On November 22, almost 100 SJC and Focus employees, along with their family and friends, enjoyed a night of exciting NHL action with their first-ever Hockey Night to watch the Anaheim Ducks take on the Tampa Bay Lightning. The game was a thriller with the Ducks winning in overtime 1-0. After the game, our group enjoyed an hour-long postgame skate on the Honda Center ice.

Jan Koelsch Retirement Celebration

On January 7, the SJC family came out in force to extend well wishes to Mass Spectrometry’s Jan Koelsch, who is retiring after 38 years.

Last May, Jan was inducted as part of the inaugural class of the Nichols Institute Hall of Fame, which honored SJC employees with 30+ years of service. Jan, thank you for all of your hard work and we wish you the best in your retirement!

All Employees Holiday Lunch

Representing Quest Diagnostics Nichols Institute, SJC, at the O.C. Register Top Workplace Awards event from left to right are: Justin Smith, Mervat Ayad, Jerry Sutton and Justin Schaffer.
Currently, the Clinical and Forensic Toxicology groups are in the design and implementation phase of the process. Soon Immunology, Microbiology, LCMS, and Immunoassay will begin their design and implementation phase.

Other business units have already been involved and many more will be in the near future.

Meet the Chantilly Teams

Clinical Toxicology COM Team Members: Top, left to right – Eric Choe, Stephanie Mendoza, Ling Pham, Amy Le, Han Cheong, Tammie Springer, Alisa Gardner, Raincy Wong. Bottom, left to right – Mike Browne, Pat Messina, Josephine Lumain and Bryan Riggery.

Forensic Toxicology COM Team Members: Front, left to right - Voncia Arterberry, Lyndsi Porto, Pamela Greiss, Rachel Clark, Chris Marquardt, Em Espiritu, Laura Hillary. Back, left to right - Scotty Chung-Siu, Chris Clark, Jay Scheerle, Ed Asirifi, Lisa Englund, Tammie Springer, Chris Kase.

The Chantilly Business Unit National QOM Team Members: From left to right - Sue Pandish, Alisa Gardner, Christopher Clark, Voncia Arterberry, Patrick Messina, Eric Choe. Not Pictured: Jay Scheerle.
Athena

Patients rely on genetic testing to help them make informed life and health decisions. Oftentimes genetic testing is definitive, revealing either the presence or absence of a known pathogenic mutation in the DNA sequence. However, approximately 20% of all tests run at Athena Diagnostics identify a novel variation in the genetic sequence called a variant of unknown significance, or VUS. Because some genetic variation within a population is natural, a VUS by itself is inconclusive. It could be a benign alteration in the DNA sequence, or it could be a previously undiscovered, disease-causing mutation.

Thus, a test that results in the identification of a VUS provides little to no medical guidance for patients.

To address this knowledge gap Athena Diagnostics created the Athena Insight department. Athena Insight scientists, in collaboration with lab directors and genetic counselors, research each VUS identified at Athena Diagnostics to assess its potential contribution to disease. This rigorous analysis (a process that is currently being patented) uses internal data, public databases, and peer-reviewed literature to assign a “score” to each variant. The score represents the likelihood that a VUS contributes to disease. If enough evidence exists the Athena Insight team can classify a VUS as either pathogenic or benign, but even in cases that can’t be classified, the VUS score provides patients and their doctors with perspective on their VUS.

Since its inception in 2010, the Athena Insight department has carried out 14,000 pathogenicity assessments on 10,000 unique VUSs. This has ultimately led to the classification of 2000 VUSs as pathogenic or benign. With its commitment to thorough VUS investigation and its continued innovation, including a phenotype collection project initiated in 2011, and a family insight program poised to launch in 2014, the Athena Insight department supports Athena Diagnostics and Quest Diagnostics in their joint mission to improve patient outcomes through unsurpassed medical diagnostics.

Luz Rubio (Document Control) nominated Julia Chavez (Client Services, pictured) to be the next recipient of the Traveling Trophy. Luz says, “Julia coordinates lab activities, participates in the Activities Committee and the QuestCares Committee. I can depend on Julia to always be one of the first people to volunteer her time. It’s people like Julia that make Focus Diagnostics a great place to work. Thank you, Julia, for your dedication and to making a difference!”

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