

**Quest Diagnostics Incorporated
Conference Call Prepared Comments
For the Quarter Ended September 30, 2009**

Laure Park: Thank you and good morning. I am here with Surya Mohapatra, our chairman and chief executive officer, Bob Hagemann, our chief financial officer, and Kathleen Valentine, our new director of investor relations. Kathleen will review the safe harbor statement.

Kathleen Valentine: Thanks, Laure. Some of our commentary and answers to questions may contain forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that they are made and which reflect management's current estimates, projections, expectations or beliefs and which involve risks and uncertainties that could cause actual results and outcomes to be materially different. Risks and uncertainties that may affect the future results of the company include, but are not limited to, adverse results from pending or future government investigations, lawsuits or private actions, the competitive environment, changes in government regulations, changing relationships with customers, payers, suppliers and strategic partners and other factors described in the Quest Diagnostics 2008 Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Additionally, today's prepared remarks will reference non-GAAP measures which are reconciled to GAAP in the footnotes to the earnings release.

A copy of our earnings press release is available, and the text of our prepared remarks will be available later today in the "quarterly updates" section of our website at www.questdiagnostics.com.

A PowerPoint presentation and spreadsheet with our results and supplemental analysis are also available on the website.

Now, here is Surya Mohapatra.

Surya Mohapatra: Thank you, Kathleen.

Demand for diagnostic testing services remains strong and our business is performing well. We drove solid earnings and revenue growth in the third quarter. We also continued to improve the efficiency of our business.

During the third quarter:

- Earnings per share grew 26%,
- Revenues grew 4%, and
- Cash flow from operations grew 14%.

Based on our strong performance, we have raised our full-year EPS guidance to a range of \$3.80 cents to \$3.85 cents.

While there has been recent progress on health care reform, the terms of the final outcome are still to be determined. We have always been supportive of the goals of health care reform – to expand access to quality care, to improve outcomes and reduce costs. Diagnostics play an important role in achieving these objectives. We are hopeful that the efforts in Washington will result in better outcomes for patients, which is central to our mission.

I will discuss our growth drivers after we hear from Bob on our financial performance. Bob?

Bob Hagemann: Thanks, Surya.

As you heard, our business continues to perform well. Revenue growth has accelerated, our profitability has continued to improve, and cash flow remains strong.

Earnings per share from continuing operations for the quarter were \$1.02, 26% above the prior year, with the increase principally driven by strong operating performance. Five cents of the EPS growth is due to two items included in last year's third quarter which helped this year's comparison: a \$0.03 charge associated with an asset write-down, and a \$0.02 impact from last year's hurricanes.

Consolidated revenues were \$1.9 billion, 3.9% above the prior year, and are net of a 0.4% reduction associated with foreign exchange. Our clinical testing business, which accounts for over 90% of our total revenues, grew 4.3% above the prior year, and over 5% before the impact of our pre-employment drug testing business.

Volume was equal to the prior year level, despite a 23% decline in pre-employment drug testing, which reduced consolidated volume by 1.7%. The third quarter volume comparison to the prior year was aided by about half a percent, associated with the impact of last year's hurricanes.

After giving consideration to these factors, underlying volume grew just over one percent, about one percent slower than the second quarter. The decrease is principally due to a general softness in our business during the month of August. August volumes tend to be highly variable and are impacted by vacation patterns and the timing of the start of the school year. Nothing that we saw in our August volumes pointed to a reversal of the progress we are making in growing our business. In fact, we saw volume growth rebound in September, placing underlying volume growth for September and July in line with the year-to-date level.

Revenue per requisition increased 4.3%, with the increase continuing to be primarily driven by a positive mix, and a benefit of just over half a percent from the Medicare fee increase which went into effect January 1.

Revenue in our non-clinical testing businesses, which include our risk assessment business, clinical trials business, point of care testing business and MedPlus, and contain most of our international revenues, was in line with the prior year, despite a reduction of almost 4% attributable to foreign exchange.

A table contained in footnote 7 to the earnings release summarizes the impact to various revenue metrics associated with a number of the items I just discussed.

Operating income as a percentage of revenues was 18.4%, up from 17.4% last year. The improvement is principally due to a more profitable revenue mix, and progress we are making with our cost reduction program. The impact of the hurricanes which occurred last year served to aid the year-over-year comparison by about 30 basis points.

We continued to see strong and stable performance in our billing and collection metrics. Bad debt expense as a percentage of revenues was 4.4%, consistent with the second quarter. DSOs at 43 days were also consistent with the Q2 level, and improved 2 days from a year ago.

Our cash flow continued to be outstanding. Cash flow from operations for the quarter improved to \$374 million compared to \$329 million last year. During the quarter we reduced debt by \$100 million, repurchased \$100 million of our stock, and grew our cash balance by \$128 million.

Turning to our full-year outlook:

- We continue to expect revenue growth to approximate 3%.
- We now expect operating income as a percentage of revenues to exceed 18%.
- We expect cash from operations to approximate \$1.2 billion, excluding the NID settlement payment, or \$900 million after such payment. Capital expenditures are estimated at \$180 million.
- And lastly, we have increased our estimate of diluted earnings per share to a range of \$3.80 to \$3.85.

Our business is performing very well, is growing, and becoming more efficient. In addition to driving current performance, we are looking ahead and making important investments which will continue to differentiate Quest Diagnostics and further improve healthcare. These include advancements in science, medicine and technology.

And now I'll turn it back to Surya to discuss some of these accomplishments.

Surya Mohapatra:

Thanks, Bob.

We continue to execute our plan and drive growth.

Our strategy is bifocal – we are managing the business for both the short and long term. I will discuss the drivers of growth in the quarter and also the investments we continue to make for the future.

Third quarter profitability was driven by top-line growth and ongoing improvements in quality and efficiency. Our cost-reduction program continues to improve our productivity and enhance quality and service.

Revenue growth in the quarter was driven by continued strong demand for gene-based and esoteric testing, including cancer diagnostics. Revenues from these tests continue to grow faster than overall revenues. Gene-based, esoteric and anatomic pathology testing accounts for approximately 35% of all revenues.

Anatomic pathology accounts for the majority of our cancer testing revenues. Increasingly, physicians are supplementing anatomic pathology testing with molecular tests, such as HPV. HPV cervical cancer testing increased approximately 10% compared to the prior year. In addition, we continue to extend our cancer diagnostics portfolio, with the launch of new tests, such as our EGFR Pathway test for metastatic colorectal cancer, and our proprietary Leumeta family of plasma-based leukemia and lymphoma tests, which has grown more than 45% year over year.

We have seen more than a 50% increase in Vitamin D testing, which is increasingly used for a range of conditions from osteoporosis to cancer to diabetes to heart disease.

And, testing using Immunocap grew more than 15%, reflecting continued adoption for this blood-based allergy testing method.

Our continued focus on innovation is driving growth today and preparing us for the future. I would like to highlight a few exciting innovations we have recently announced in infectious disease, diagnostics for predicting therapy response, cancer diagnostics and healthcare IT.

For example, we recently introduced the first commercial test for the H1N1 flu virus authorized by the FDA for emergency use. Our H1N1 test is a good example of our strength in rapidly developing and deploying innovative diagnostics to improve patient care.

In fact, we launched our test a little over two weeks after the U.S. government declared a pandemic emergency. About 10 weeks later, the FDA authorized the test for emergency use. Last week, the FDA granted us emergency use authorization for our H1N1 flu test to run on our recently introduced near-patient testing platform. We are the only company in the U.S. that the FDA has authorized to both perform the test in our lab and also offer H1N1 test kits to high complexity labs. This will expand the nation's capacity to perform testing and reduce turnaround time for H1N1 results.

We focus our efforts on cancer, infectious disease and cardiovascular disease. Earlier this month, we introduced an innovative gene-based test for cardiac patients that uses a saliva sample. This test helps physicians predict response to the blood thinner Plavix®. Most of the roughly one million patients who undergo stent procedures each year are prescribed Plavix. Yet, 30 percent or more of people possess genetic mutations that impede response to Plavix. As a result, they may be prone to develop blood clots that can cause heart attack and stroke. Scripps is the first health system in the U.S. to offer this gene-based testing as part of its care for patients electing to undergo stent procedures. This saliva-based gene test puts us at the forefront of using diagnostics for personalized medicine in fighting cardiovascular disease.

On the cancer front, we collaborated closely with Vermillion on the development of its OVA1 ovarian cancer test, which the FDA cleared last month. This multi-analyte test, which uses a proprietary algorithm, provides a new option for helping physicians assess if a pelvic mass is benign or malignant prior to a scheduled surgery. This information is expected to help physicians determine whether to refer a woman with high risk of cancer to a specialist versus a general surgeon. We expect to launch OVA1 in the fourth quarter, and have a multi-year exclusive license for the clinical reference laboratory market in the U.S.

We are also the exclusive reference laboratory provider of the FDA-cleared HE4 biomarker monitoring test. With HE4 and OVA1 in our portfolio, we are now the only diagnostic testing company to offer FDA cleared tests for ovarian cancer in the pre- and post-surgical settings.

We are differentiating our company through enhanced health care IT solutions. More than 150,000 physicians already use one of our Care360 solutions, such as Care360 Labs and Meds. This enables them to provide better patient care, build more efficient practices and qualify for government incentives. Use of our ePrescribe service continues to grow rapidly. Monthly prescription volume grew more than 25% since June and is up 140% since December 2008, to a rate of more than 10 million drugs per year. Additionally, Care360's mobility features enable physicians to check a patient's lab results and prescription history anywhere, anytime—using a desktop, laptop, or our proprietary iPhone application. We recently enhanced this service to enable doctors to also prescribe medications remotely.

We believe that patient empowerment and personal accountability are essential to quality health care. Healthcare IT is a tool to empower patients, helping them to understand and manage their health data. We are collaborating with Keas, a new and innovative interactive online health education and coaching site. This arrangement, like our collaborations with Google Health and Microsoft HealthVault, enables us to facilitate patient access to their lab data.

In closing:

- We delivered strong results in the third quarter and are raising our earnings guidance for the full year;
- We are doing what is required for the short term while investing in our future; and
- We are excited about the growth opportunities before us.

Thank you. We will now take your questions. Operator?