**Quest Diagnostics**
**Quarter ended March 31, 2006**
**Conference Call Prepared Remarks**
**Thursday, April 20, 2006, 8:30 am EST**

***Laure Park***: Thank you and good morning. I am here with Surya Mohapatra, our chairman and chief executive officer, and Bob Hagemann, our chief financial officer.

Some of our commentary and answers to questions may contain forward-looking statements that are based on current expectations and involve risks and uncertainties that could cause actual results and outcomes to be materially different. Certain of these risks and uncertainties may include, but are not limited to, competitive environment, changes in government regulations, changing relationships with customers, payers, suppliers and strategic partners and other factors described in the Quest Diagnostics Incorporated 2005 Form 10-K and subsequent filings.

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 downloadable spreadsheet with our results is also available on the website.

Now, here is Surya Mohapatra.

***Surya Mohapatra***: Good morning to all of you. Thank you, Laure.

We had an excellent first quarter.

- Revenues grew 18%;
- Earnings per share grew 13%;
- Cash generation was strong, $241 million;
- And, we are raising our outlook for the full year.

We are seeing the benefits of investments we have made to enhance our value proposition and introduce new and innovative tests.

- As you know, we have been evaluating various alternatives for NID, our test-kit manufacturing subsidiary.
- After careful consideration, yesterday we decided to discontinue NID's operations.
- This was a difficult decision, and it does not come without a cost.
- However, in the long term, this is in the best interest of the company.

Now Bob will share with you the analysis of our first quarter performance.

***Bob Hagemann:*** Thanks, Surya.

It was an exceptionally strong quarter, driven by the performance of our clinical testing business. As we go through the results, I'll separately quantify the impact of each of the major factors impacting the quarter.

Consolidated revenues grew 18% for the quarter, with the acquisition of LabOne contributing about 10%. A little over half of the LabOne revenues were generated from the risk assessment business, with the remainder classified as clinical testing.

Our clinical testing business, which accounts for 92% of our total revenues, grew 13.4% during the quarter, on a volume increase of about 9% and an increase in revenue per requisition of about 4%. LabOne contributed approximately 5% growth to the clinical testing business, principally reflected in volume. The increase in revenue per requisition is principally driven by a shift to a more esoteric test mix and an increase in the number of tests ordered per requisition.

The first quarter revenue and volume comparisons benefited by about 1% as a result of a milder winter this year, and the fact that the Easter holiday fell in the second quarter this year, compared to the first quarter last year.

NID had revenues which were $13 million less than last year, and reduced consolidated revenue growth by 1%.

Operating income, as a percentage of revenues, was 15.7% for the quarter, and reflects about a 2% improvement from the prior year on an apples-to-apples basis, driven by the performance of our clinical testing business. Our clinical testing margins continue to benefit from strong top line growth, efficiencies from use of our electronic connectivity solutions, and continued benefits from our Six Sigma efforts.

We recorded $27 million of special charges in the quarter, which I'll discuss in a moment, that reduced consolidated margins by 1.7%. Expense associated with FAS 123R reduced margins by 1.2%, and the results of the LabOne business, which, for now, carries lower margins than the rest of our operations, reduced margins by .8%. In addition, the performance of NID reduced margins by .7%. Lastly, the milder winter and the timing of Easter benefited margin comparisons by about half a percent.

The $27 million in special charges are reflected in other operating expense, and relate principally to costs associated with integrating the LabOne acquisition, and consolidating our operations in California into our new facility in West Hills. $22 million of the charges will result in cash outlays, with the remainder asset write-offs. We now expect the net synergies from the LabOne acquisition to reach $40 million per year, up from our initial estimate of $30 million. We expect to achieve the full $40 million in our run rate by the end of 2007.

During the quarter we realized an investment gain of $16 million, which is reflected in other income, and below the operating income line. The gain is associated with the sale of our 14% interest in National Imaging Associates which was acquired by Magellan Health Services.

Included in footnote 6 to our earnings release is a table which summarizes the impact to revenues, operating income and EPS, of this gain and the various other items I mentioned earlier.

Diluted earnings per share grew to 72 cents, after an 8-cent reduction for special charges and a 5-cent benefit from the investment gain; with the growth driven by strong performance in our clinical testing business.

Cash receipts for the quarter were very strong, and produced cash from operations of $241 million, compared to $136 million in the prior year. Days sales outstanding also showed improvement, declining to 43 days from 46 days at year-end.

During the quarter we repurchased 2 million common shares for $104 million. Capital expenditures for the quarter totaled $42 million.

Yesterday we decided to discontinue operations at our struggling test kit manufacturer NID, a decision which will mitigate the continuing operating losses from that business. We expect the wind-down to be substantially complete before the end of the year, and to include steps to monetize certain NID assets. This action is expected to result in a second quarter pretax charge, preliminarily estimated at up to $45 million. The ongoing government investigation of NID continues, and we are fully cooperating. At this time we are not in a position to estimate, what, if any liabilities may arise from the investigation.

Turning to full year guidance,

- We expect revenues to grow approximately 14 percent, an increase from our previous guidance, with approximately 8% of the growth from LabOne. This excludes the impact of potential additional acquisitions.

- We expect operating income as a percentage of revenues to approximate 17%. This includes the impact of SFAS 123R, which is estimated to reduce margins approximately 1%, and includes the impact of special charges recorded in the first quarter. This estimate excludes the impact of the anticipated second quarter charge associated with the wind-down of NID.

- We expect cash from operations to exceed $800 million, and capital expenditures to be between $225 and $245 million.

- And lastly, we expect diluted earnings per common share to improve to between $2.85 and $2.95 before the second quarter charge for the wind-down of NID.

Now I'll turn it back to Surya.

***Surya Mohapatra:*** Thanks, Bob.

This was a very strong quarter.

We grew the top line and the bottom line – both organically and through acquisition.

We remain focused on differentiating ourselves through our value proposition. Our strategy, based on Patients, Growth and People, is producing results.

- We are developing innovative new tests and bringing them to market faster.
- We continue to expand the features of our Care360 physician portal and the ChartMaxx document management system, to meet the growing needs of doctors and hospitals.
- And, we are using Six Sigma and Lean Six Sigma principles to enhance the patient experience, as well as improve quality and drive efficiencies throughout our business.

Together, these actions further differentiate our company and are contributing to our performance.

One of the drivers of our growth has been increased use of affordable screening tests to detect disease early. We have seen growth in testing for allergy, cardiovascular and digestive disease, and assessment of women's health.

ImmunoCAP allergy testing has grown steadily and significantly. Our efforts have focused on educating primary care physicians and pediatricians about the benefits of allergy blood testing. Instead of referring patients to specialists, the primary care physicians now are able to test their patients and prescribe treatment accordingly.

We are also seeing strong growth from screening tests for women, such as HPV, gonorrhea and chlamydia.

We expect our growth in the future to be driven by innovative new tests that we're bringing to market today. A good example is our recently introduced LEUMETA cancer tests. LEUMETA was conceived as a way to reduce pain and increase convenience for the nearly 1 million Americans battling or recovering from leukemia and lymphoma. LEUMETA uses blood plasma instead of bone marrow cells to help the physician diagnose and monitor cancer. This unique family of tests provide an alternative to painful bone marrow biopsies and is receiving attention worldwide.

Another way that we demonstrate our focus on patients is by enhancing the overall patient experience.

Last year we provided intensive customer service training to our phlebotomists. This is having a positive impact on the experience of the more than 40 million patients who visit our patient service centers each year. This year we are expanding the training to include other customer contact personnel, such as couriers and customer service and billing representatives.

Also, during the first quarter, we took several actions to rationalize our operational capacity and improve efficiency.

We opened our new state-of-the-art laboratory in West Hills, outside Los Angeles. And we are consolidating operations into this new facility.

We also finalized our LabOne integration plans and began the process of combining our operations. And as you've heard from Bob, we have raised our synergy target to $40 million.

We continue to see opportunities to enhance the value proposition of the insurance risk assessment business, by leveraging the network of our clinical testing business. For example, we are beginning to provide more options to life insurance applicants in selected markets by making available to them our convenient patient service centers, in addition to mobile paramedical personnel who travel to their homes or offices.

We generate strong cash flow, which we will deploy to grow our business and repurchase shares. We continue to seek new growth opportunities through selective acquisitions – both in the diagnostic testing space and in adjacent markets -- domestically and abroad.

In summary:

- We had an excellent first quarter.
- We have raised our outlook for the year.
- And we continue to see opportunities to grow our business profitably over the long term.

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