



Quest Diagnostics Commences Cash Tender for Its 10³/₄% Senior Subordinated Notes Due 2006

May 26, 1999

QUEST DIAGNOSTICS COMMENCES CASH TENDER FOR ITS 10³/₄% SENIOR SUBORDINATED NOTES DUE 2006

TETERBORO, N.J., May 26, 1999 — Quest Diagnostics Incorporated (NYSE: DGX) announced that it commenced on May 25, 1999 a cash tender offer for any and all of its outstanding \$150 million principal amount of 10 ³/₄% senior subordinated notes due 2006.

The tender offer is made upon the terms and conditions set forth in the company's Offer to Purchase and Consent Solicitation Statement dated May 25, 1999. Under the terms of the offer, the company will purchase its outstanding notes at a price to be determined two business days prior to the expiration date by reference to a fixed spread of 62.5 basis points over the yield to maturity of U.S. Treasury 5 ⁷/₈% Notes due November 30, 2001, plus accrued and unpaid interest. Included in this purchase price is a consent payment equal to \$30.00 per \$1,000 principal amount of the notes. The expiration of the tender offer is currently anticipated to be June 29, 1999 at 5:00 p.m., New York City time, unless extended or terminated by the company.

In connection with the tender offer, the company is seeking consents from the holders of the notes to certain proposed amendments to the indenture governing the notes. The purpose of the proposed amendments is to eliminate certain restrictive provisions of the indenture, thereby affording the company additional financial and operating flexibility. Subject to certain conditions, each holder of the notes who consents to the proposed amendments by validly tendering its notes prior to the end of the consent period (5:00 p.m. New York City time on June 8, 1999, unless extended) will receive the consent payment. Except under certain limited circumstances, tendered notes may not be withdrawn and consents may not be revoked after the end of the consent period.

Payment for validly tendered notes is expected to be made on the first business day immediately following the expiration of the tender offer. The tender offer is subject to, among other conditions, a financing condition, as further described in the Offer to Purchase. The company will finance the purchase of the notes and payment of the consent fee from the proceeds of new long-term financing that the company will also use, together with the issuance of shares of its common stock and its cash on hand, to pay the purchase price of its acquisition of SmithKline Beecham plc's clinical laboratory testing business and to repay the company's existing bank debt.

On February 9, 1999, Quest Diagnostics Incorporated entered into a stock and asset purchase agreement with SmithKline Beecham plc to purchase SmithKline Beecham's U.S. and non-U.S. clinical laboratory testing business for approximately \$1.3 billion, consisting of \$1.025 billion in cash and approximately 12.6 million shares of Quest Diagnostics common stock. The consummation by the company of the acquisition is not conditioned upon the tender offer and does not require the consent of holders of notes.

Merrill Lynch & Co. will act as Dealer Manager for the tender offer and consent solicitation. The Information Agent is Georgeson & Company, Inc. and the Depositary is The Bank of New York. Persons with questions regarding the tender offer and consent solicitation should contact Merrill Lynch & Co., Liability Management Group, at either 888-ML4-TNDR or 212-449-4914.

Quest Diagnostics is one of the nation's leading providers of diagnostic testing, information and services to physicians, hospitals, managed care organizations, employers and government agencies with 1998 revenues of \$1.5 billion. The wide variety of tests performed on human tissue and fluids help doctors and hospitals diagnose, treat and monitor disease. Its Nichols Institute unit conducts research, specializes in esoteric testing using genetic screening and other advanced technologies, performs clinical studies testing, and manufactures and distributes diagnostic test kits and instruments. Quest Informatics collects and analyzes laboratory, pharmaceutical and other data to help large healthcare customers identify and monitor patients who are at-risk for certain diseases. Additional company information can be found on the Internet at: www.questdiagnostics.com.

The statements in this press release which are not historical facts or information may be forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause the outcome to be materially different. Certain of these risks and uncertainties are listed in the Quest Diagnostics Incorporated 1998 Form 10-K and subsequent filings.

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