



## Quest Diagnostics to Complete Acquisition of SmithKline Beecham Clinical Laboratories

August 9, 1999

### QUEST DIAGNOSTICS TO COMPLETE ACQUISITION OF SMITHKLINE BEECHAM CLINICAL LABORATORIES

**TETERBORO, N.J., AUGUST 9, 1999** — Quest Diagnostics Incorporated (NYSE: DGX) announced today that all agreements required to complete the previously announced acquisition of SmithKline Beecham's clinical laboratory operations have been finalized by Quest Diagnostics and SmithKline Beecham plc (NYSE: SBH). The transaction is expected to close within two weeks. Quest Diagnostics is acquiring SmithKline Beecham Clinical Laboratories (SBCL) for approximately \$1.3 billion in cash and stock, and will become the nation's leading provider of diagnostic testing, information and services.

"Now that all contracts have been finalized, we are planning an orderly closing," said Kenneth W. Freeman, Chairman and Chief Executive Officer of Quest Diagnostics.

Under the main acquisition agreement, which was approved by Quest Diagnostics shareholders on June 29, Quest Diagnostics will acquire SBCL, including its domestic and foreign clinical testing operations, clinical trials testing, corporate health services, and laboratory information products businesses. SBCL's national testing and service network consists of regional laboratories, specialty testing operations and its National Esoteric Testing Center, as well as a number of rapid-turnaround or "STAT" laboratories, and patient service centers. SBCL had 1998 revenues of \$1.6 billion.

As part of the agreement, Quest Diagnostics has granted SmithKline Beecham certain non-exclusive rights to use its clinical laboratory information database. In addition, Quest Diagnostics will receive a minority interest in a company that SmithKline Beecham will form to sell health care information products and services through various channels, including the Internet.

Quest Diagnostics will close the acquisition of SBCL when it has completed satisfactory financing arrangements. Quest Diagnostics has sufficient committed senior financing available to close the transaction. Upon closing, SmithKline Beecham will receive approximately \$1.0 billion in cash and 12.6 million newly issued shares of Quest Diagnostics' common stock, or approximately 29.5% of the outstanding shares of Quest Diagnostics. SmithKline Beecham will receive two seats on the Quest Diagnostics Board of Directors and has agreed to certain standstill provisions in connection with its ownership of Quest Diagnostics common stock.

Upon the closing of this transaction, Quest Diagnostics will be the nation's leading provider of diagnostic testing, information and services to physicians, hospitals, managed care organizations, employers and government agencies. 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 health care customers better manage the health of their patients. QuestNet is an innovative new product offering that provides network management services to large buyers of health care services. Additional information about the company is available on the Internet at: [www.questdiagnostics.com](http://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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