



Quest Diagnostics Acquires ConVerge Diagnostic Services

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Transaction to expand patient access to innovative diagnostic information services and bolster Quest's growth strategy in New England

MADISON, N.J. and PEABODY, Mass., Oct. 7, 2013 /PRNewswire/ -- Quest Diagnostics (NYSE: DGX), the world's leading provider of diagnostic information services, announced today that it has acquired ConVerge Diagnostic Services, LLC from Water Street Healthcare Partners, a strategic investor focused exclusively on the health care industry. ConVerge is a leading full-service laboratory providing clinical, cytology and anatomic pathology testing services to patients, physicians and hospitals in New England. Financial terms of the transaction were not disclosed.

(Logo: <http://photos.prnewswire.com/prnh/20130717/NY48934/LOGO>)

The transaction includes ConVerge's laboratory in Peabody, Massachusetts, and its patient service centers operating in Massachusetts, New Hampshire and Connecticut. ConVerge will operate as a wholly-owned subsidiary of Quest Diagnostics and its laboratory will operate as part of Quest Diagnostics' national laboratory network. Over time, the ConVerge laboratory is expected to be integrated into a state-of-the-art laboratory facility Quest Diagnostics is building in Marlborough, Mass.

"ConVerge is our fourth laboratory acquisition this year, and the second in Massachusetts, underscoring our commitment to the state and New England," said Steve Rusckowski, President and CEO, Quest Diagnostics. "As a regional leader in women's health that is also recognized for customer service, medical expertise and innovation, ConVerge is a strong strategic fit with our business. The addition of ConVerge to the Quest family will extend the range of diagnostic information services patients and providers can access in the region while also combining the considerable medical leadership of both companies to spur new innovations that improve patient outcomes."

"This acquisition is consistent with our five-point strategy unveiled last year, which includes the strategy to deliver disciplined capital deployment," said Mr. Rusckowski. "One of our capital deployment objectives is to grow one to two percent a year through strategically aligned, accretive fold-in acquisitions."

At its Investor Day conference in November 2012, Quest Diagnostics announced its five-point strategy to refocus on its core diagnostic information services business, drive operational excellence, restore growth, simplify the organization and deliver disciplined capital deployment. Since that time, Quest's portfolio review has enabled the company to sell non-core assets and deliver disciplined capital deployment. Since late last year, Quest has sold its OralDNA dental diagnostics business, HemoCue diagnostic products business, Ibrutinib royalty rights and Enterix colorectal-cancer product business, generating gross proceeds of approximately \$800 million providing flexibility to drive shareholder value.

In addition, the company has also now acquired four laboratory businesses in 2013. The acquisition of ConVerge is strategically aligned with Quest Diagnostics' acquisition in January of UMass Memorial Medical Center's clinical and anatomic pathology outreach laboratory businesses based in Worcester, Mass. The company's other laboratory acquisitions this year include the Tennessee-based toxicology and clinical laboratory business of Concentra, a Humana business, and lab-related clinical outreach operations of Dignity Health in California and Nevada.

Quest Diagnostics expects the ConVerge transaction to be neutral to adjusted earnings per share in 2013 and modestly accretive to earnings per share in 2014.

"We have invested our team's industry expertise and experience to build ConVerge into a leading regional reference laboratory known for innovation and outstanding customer service," said Jim Connelly, a partner with Water Street and a director of ConVerge. "We are pleased that the leadership of Bob Gorman and the efforts he and his team have put into expanding ConVerge's test menu and capabilities, particularly in the area of women's health resulted in the company being acquired by the global industry leader in diagnostic information services with the vision to build on these strengths."

About Quest Diagnostics

Quest Diagnostics is the world's leading provider of diagnostic information services that patients and doctors need to make better healthcare decisions. The company offers the broadest access to diagnostic information services through its network of laboratories and patient service centers, and provides interpretive consultation through its extensive medical and scientific staff. Quest Diagnostics is a pioneer in developing innovative diagnostic tests and advanced healthcare information technology solutions that help improve patient care. Additional company information is available at QuestDiagnostics.com. Follow us at Facebook.com/QuestDiagnostics and Twitter.com/QuestDX.

Quest Diagnostics Contacts:

Wendy Bost (Media): 973-520-2800

Dan Haemmerle (Investors): 973-520-2900

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