



Quest Diagnostics Revises Upward 2001 Guidance

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TETERBORO, N.J., Jan. 16 /PRNewswire/ -- Quest Diagnostics Incorporated (NYSE: DGX), the nation's leading provider of diagnostic testing, information and services, today announced that it has revised upward its estimate of diluted earnings per share, before special items, for the year ending December 31, 2001 to between \$3.10 and \$3.20, approximately 40% above the current consensus of analysts' estimates for the full-year 2000 and also above the current consensus estimate for 2001 of \$2.97 per diluted share, as compiled by First Call. Cash earnings for 2001 are now estimated at between \$3.90 and \$4.00 per diluted share. This anticipated improvement reflects the continued positive impact of the 1999 acquisition of SmithKline Beecham Clinical Laboratories (SBCL), as well as favorable industry trends.

For the fourth quarter of 2000, the company expects to report earnings per diluted share before special items within the range of current analyst estimates of \$0.57 to \$0.59 per diluted share, despite recent severe weather in a number of important markets. In addition, the company prepaid \$155 million of bank debt during the fourth quarter. As a result, the company will record an extraordinary loss of \$0.06 per share associated with the write-off of deferred financing costs, a non-cash charge.

Fourth-quarter 2000 volume, measured by the number of requisitions, grew approximately 1% above the prior year, after adjusting for the impact of severe weather and the contribution of business to unconsolidated joint ventures. The company estimates that volume in the quarter was reduced by approximately 1.5% due to severe weather in several parts of the country in December. Additionally, reported volume was reduced by approximately 1.5% as a result of the contribution of certain SBCL business to unconsolidated joint ventures, as required by existing joint venture agreements. As a result of these items, reported volume during the fourth quarter will be approximately 2% below the prior year's level. Revenue per requisition during the fourth quarter is expected to grow by almost 9% compared to the prior year. The company continues to benefit from its longstanding strategy of shedding unprofitable business and focusing on higher-value testing services.

"We had a terrific year in 2000. We nearly doubled earnings per share while integrating the largest acquisition in the history of our industry," said Kenneth W. Freeman, Chairman and Chief Executive Officer. "Looking forward to 2001, we anticipate earnings growth of approximately 40%. We expect to realize additional gains from the integration of Quest Diagnostics and SBCL, and to see improving volume comparisons after the completion of integration, scheduled for the end of the first quarter. We are the leader in an industry with improving fundamentals, and we are committed to continue to deliver outstanding results for our shareholders."

The company expects revenues for 2001 to grow between 6% and 8%, with volume and revenue per requisition each contributing approximately half of the increase. It expects EBITDA margins to approach 15%, interest expense of approximately \$100 million to \$105 million and amortization expense of approximately \$45 million. Capital spending is expected to total between \$130 million and \$150 million.

Quest Diagnostics will release financial results for the fourth quarter and full year 2000 after the close of the stock market on January 29, 2001. The company is currently in a "quiet" period and will discuss results for the fourth quarter and full year 2000 during a conference call on January 30 at 8:00 A.M. (Eastern Time). To hear a simulcast of the call over the Internet, or a replay, registered analysts may access StreetEvents at: <http://www.streetevents.com> and all others may access the Quest Diagnostics website at: <http://www.questdiagnostics.com>. In addition, a replay of the call will also be available from 10 A.M. on January 30 through 5 P.M. on February 2 by dialing 800-695-4249.

Quest Diagnostics is the nation's leading provider of diagnostic testing, information and services with annualized revenues of more than \$3 billion. The testing performed on human specimens helps doctors diagnose, treat and monitor disease; enables employers to detect workplace drug abuse; and supports pharmaceutical and biotechnology companies in clinical trials of new therapeutics worldwide. Quest Informatics analyzes laboratory and other medical data to help health care providers improve the care of patients. Additional company information can be found on the Internet at: <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 1999 Form 10-K and subsequent filings. SOURCE Quest Diagnostics

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