Quest Diagnostics to Acquire American Medical Laboratories, Inc. For $500 Million, Expanding Esoteric and Hospital Testing Services

February 7, 2002
TETERBORO, N.J., Feb 7, 2002 /PRNewswire-FirstCall via COMTEX/ -- Quest Diagnostics Incorporated (NYSE: DGX), the nation's leading provider of diagnostic testing, information and services, announced today it has signed a definitive agreement to acquire the stock of American Medical Laboratories, Incorporated (AML), in an all-cash transaction valued at $500 million, including the assumption of approximately $160 million in debt. AML is a national provider of esoteric testing to hospitals and specialty physicians and is a leading provider of diagnostic testing services in the Nevada and metropolitan Washington, D.C., markets. AML, established in 1959, has approximately 3,000 employees and generates revenues of approximately $300 million and EBITDA of more than $40 million on an annual basis. AML, based in Chantilly, Virginia, is a portfolio company of private equity firm GTCR Golder Rauner, LLC.

Quest Diagnostics will acquire all of AML's operations, including two full-service laboratories, 51 patient service centers, and hospital sales, service and logistics capabilities. AML also has an anatomic pathology business served by approximately 30 board-certified specialty pathologists. As part of the transaction, and prior to the closing, AML will acquire an affiliated company, LabPortal, Inc., a provider of electronic healthcare connectivity products. The transaction is subject to customary regulatory review. Quest Diagnostics expects to use cash on hand and existing credit facilities to finance the acquisition. The acquisition is expected to enhance revenue growth and be modestly accretive to earnings during the first year, before anticipated charges related to the transaction.

"Joining together two of the nation's most respected laboratories will enhance service offerings for our customers, further strengthening our leadership position in esoteric testing," said Kenneth W. Freeman, Chairman and Chief Executive Officer of Quest Diagnostics. "AML has distinguished itself through its dedicated hospital customer service capability, and its east coast reference laboratory will complement our Nichols Institute on the west coast. In addition, we will broaden our geographic reach through AML's leadership in the Nevada and metropolitan Washington, D.C., markets."

The combination is expected to significantly enhance customer service by offering a wide range of benefits, including: faster turnaround time; improved access to a broad menu of esoteric tests; greater convenience through an expanded network of patient service centers; improved access to innovative technology; additional electronic connectivity options for hospital and physician clients; and expanded access to the industry's most extensive network of medical specialists for physician-to-physician consultation.

"AML's customers and employees will benefit from this transaction," said Timothy J. Brodnik, Chairman, President and Chief Executive Officer of AML. "Our customers and employees will have access to the medical and scientific expertise of the entire Quest Diagnostics laboratory network, including its renowned Nichols Institute esoteric testing laboratory and research and development center. Our companies share common values, an essential ingredient for successfully joining together."

Quest Diagnostics will discuss the transaction during a conference call for investors today at 5 p.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 be available from 6 p.m. on February 7 through 5 p.m. on February 11 to investors in the U.S. by dialing 800-944-7206. Investors outside the U.S. may dial 402-220-3450. No password is required for either number.

About Quest Diagnostics

Quest Diagnostics Incorporated is the nation's leading provider of diagnostic testing, information and services, providing insights that enable physicians, hospitals, managed care organizations and other healthcare professionals to make decisions to improve health. The company offers the broadest access to diagnostic laboratory services through its national network of laboratories and patient service centers. Quest Diagnostics is the leading provider of esoteric testing, including gene-based medical testing, and empowers healthcare organizations and clinicians with state-of-the-art connectivity solutions that improve practice management. Additional company information can be found on the Internet at: http://www.questdiagnostics.com.

The statements in this press release that 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 2000 Form 10-K and subsequent filings.

SOURCE Quest Diagnostics Incorporated

CONTACT:
Investors - Cathy Doherty, +1-201-393-5030, or Media - Gary Samuels, +1-201-393-5700, both of Quest Diagnostics

URL: http://www.questdiagnostics.com

Copyright (C) 2002 PR Newswire. All rights reserved.