



Quest Diagnostics Reports Strong First Quarter

April 24, 2000

TETERBORO, N.J., April 24, 2000 —

Quest Diagnostics Incorporated (NYSE: DGX), the nation's leading provider of diagnostic testing, information and services, announced that for the first quarter ended March 31, 2000, net income increased to \$17.8 million, or \$0.39 per diluted share, from \$7.4 million, or \$0.24 per diluted share, in the first quarter of 1999. Cash earnings, or earnings before amortization of intangible assets, rose to \$0.63 per diluted share from \$0.39 per diluted share for the 1999 period.

First quarter revenues were \$857 million in 2000 compared to \$382 million in 1999. Earnings before interest, taxes, depreciation and amortization, adjusted to exclude integration related costs (adjusted EBITDA), were \$100 million compared to \$38 million for the prior year period. The increases in revenues and adjusted EBITDA were due primarily to the acquisition of SmithKline Beecham Clinical Laboratories (SBCL) and improved operating performance.

"Strong performance in the first quarter reflects solid growth in clinical testing volume, improved revenue per requisition, and accelerated realization of net synergies associated with the acquisition of SBCL," said Kenneth W. Freeman, Chairman and Chief Executive Officer. "The initial results of combining the operations of Quest Diagnostics and SBCL are encouraging. However, we are early in the process and much remains to be done. Throughout this process we remain dedicated to providing the highest level of customer service." The acquisition of SBCL was completed on August 16, 1999.

During the quarter, days sales outstanding improved to 51 days from 57 days in the fourth quarter of 1999. The company ended the quarter with \$28 million in cash and no borrowings outstanding under its \$250 million revolving credit facility. Capital expenditures totaled \$18 million for the quarter.

PRO FORMA COMPARISONS

Net income was \$17.8 million in the first quarter of 2000 compared to \$8.2 million in the prior year, assuming that SBCL had been part of Quest Diagnostics in the first quarter of 1999. Revenues in the first quarter of 2000 increased 4% compared to pro forma revenues in 1999. Clinical testing volume, measured by the number of requisitions, increased approximately 6%, and average revenue per requisition increased approximately 2%. Revenue growth was partially offset by accounting for a contract as a loss contract beginning in the second half of 1999. Bad debt expense was 7.6% of revenues during the first quarter, compared to 7.7% in the fourth quarter and 7.6% in the first quarter of 1999, excluding the impact of the company's laboratory network management business and the loss contract. Adjusted EBITDA was \$100 million for the first quarter of 2000, compared to pro forma adjusted EBITDA of \$81 million, which excludes costs associated with the loss contract in 1999.

Quest Diagnostics will discuss results for the first quarter during a conference call on April 25 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: www.streetevents.com and all others may access the Quest Diagnostics website at: www.questdiagnostics.com. The on-line replay will be available 24 hours a day beginning at noon on April 25. In addition, the replay of the call will be available by telephone beginning at 11 A.M. on April 25 and continuing for 48 hours by dialing 800-685-0912.

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 companies in clinical trials of new drugs 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: 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.

-- Table follows --

Quest Diagnostics Incorporated and Subsidiaries
Consolidated Statements of Operations
For the Three Months Ended March 31, 2000 and 1999