



Quest Diagnostics Receives \$95 Million Payment From SmithKline Beecham Relating to 1999 Acquisition

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TETERBORO, N.J., OCTOBER 11, 2000—Quest Diagnostics Incorporated (NYSE: DGX), the nation's leading provider of diagnostic testing, information and services, announced that it has received \$95 million in cash from SmithKline Beecham plc to settle certain outstanding items associated with the 1999 acquisition of SmithKline Beecham Clinical Laboratories (SBCL).

The acquisition agreements between the parties contained a provision for a reduction in the purchase price paid by Quest Diagnostics in the event that a review of the SBCL financial statements showed that the net assets acquired, as of the acquisition date, were below a prescribed level. Quest Diagnostics received a \$98.6 million adjustment in connection with this provision. The cash payment was reduced by \$3.6 million for amounts separately owed to SmithKline Beecham.

In connection with finalizing the purchase price adjustment, the historical financial statements of SBCL and certain pro forma financial statements for the combined operations of SBCL and Quest Diagnostics will be amended through the filing of a Form 8-K with the Securities and Exchange Commission. The settlement has no impact on any of the actual results reported for Quest Diagnostics, either before or after the acquisition. The purchase price adjustment will be recorded as a reduction to goodwill and the proceeds from the settlement will be used to pay down debt.

"This payment is a positive event for Quest Diagnostics shareholders," said Kenneth W. Freeman, Chairman and Chief Executive Officer. "It enables us to further strengthen our balance sheet and provides us additional financial flexibility to take advantage of the many exciting growth opportunities available to our company. The adjustment has no impact whatsoever on the historical financial statements of Quest Diagnostics, and it certainly does not change our view of the expected performance of the combined company. In fact, the benefits of the payment, in terms of reduced interest and amortization expense, have been factored into the guidance we have provided for our full-year performance."

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: 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.