



## Quest Diagnostics Finalizes Agreement to Settle California Lawsuit Related to Medi-Cal Billing

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Quest Diagnostics Incorporated (NYSE: DGX) today announced it has finalized an agreement to settle a previously disclosed civil lawsuit, brought by a California competitor against a number of California clinical laboratories, in which the State of California intervened, for a payment of \$241 million. The company had announced an agreement in principle to resolve the lawsuit on May 9, 2011. In the lawsuit, the plaintiffs alleged, among other things, that the company did not comply with California's "comparable charge" regulations, resulting in overpayments for laboratory testing services by Medi-Cal, California's Medicaid program.

"Our laboratory testing services for Medi-Cal were priced appropriately, and we deny all allegations in the complaint," said Michael E. Prevoznik, Senior Vice President and General Counsel of Quest Diagnostics. "Quest Diagnostics operates with the highest standards of integrity and fairness. California's interpretation of the Medi-Cal 'comparable charge' regulations created uncertainty and resulted in an intolerable business environment for us. This agreement allows us to put the lawsuit behind us and provides for an orderly process for resolving any remaining interpretation issues. We also intend to pursue other avenues, including legislative action, to ensure clear regulatory standards in California for the clinical laboratory industry."

The company agreed to the settlement to resolve claims pertaining to the "comparable charge" allegations. The company also agreed to reporting obligations regarding its pricing for a limited time period and, in lieu of such obligations for a transitional period, to provide Medi-Cal with a discount until the end of July 2012. The company received a full release of all the claims alleged in the lawsuit.

### About Quest Diagnostics

Quest Diagnostics is the world's leading provider of diagnostic testing, information and services that patients and doctors need to make better healthcare decisions. The company offers the broadest access to diagnostic testing 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](http://QuestDiagnostics.com).

The statements in this press release which are not historical facts may be forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that they are made and which reflect management's current estimates, projections, expectations or beliefs and which involve risks and uncertainties that could cause actual results and outcomes to be materially different. Risks and uncertainties that may affect the future results of the company include, but are not limited to, adverse results from pending or future government investigations, lawsuits or private actions, the competitive environment, changes in government regulations, changing relationships with customers, payers, suppliers and strategic partners and other factors discussed in "Business," "Risk Factors," "Cautionary Factors that May Affect Future Results," "Legal Proceedings," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures About Market Risk" in the company's 2010 Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Quantitative and Qualitative Disclosures About Market Risk" in the company's 2011 Quarterly Report on Form 10-Q and other items throughout the Form 10-K and the company's Quarterly Report on Form 10-Q and Current Reports on Form 8-K.

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