



## Quest Diagnostics and UPMC Health System Form Joint Venture to Offer Laboratory Testing Services

October 7, 1998

**TETERBORO, NJ, and PITTSBURGH, PA, OCTOBER 7, 1998**—Quest Diagnostics Incorporated (NYSE: DGX) and UPMC Health System (formerly known as University of Pittsburgh Medical Center) announced today the establishment of a joint venture aimed at providing greater access to laboratory services for physicians and patients throughout the Greater Pittsburgh area, enhancing the electronic reporting of test results, promoting technology innovation, improving laboratory efficiency and service, and optimizing clinical pathology laboratory capacity in the region.

Quest Diagnostics and UPMC each have contributed components of their Pittsburgh-area laboratory operations to establish the joint venture. It is one of the country's largest laboratory joint ventures combining the resources, experience, and expertise of a for-profit clinical testing laboratory with those of a major academic medical center and its integrated health care delivery system.

Equity ownership of the venture will be shared 51% by Quest Diagnostics and 49% by UPMC. The board of managers will have equal representation. A joint medical leadership team led by a Chief Medical Officer from the Department of Pathology of the University of Pittsburgh School of Medicine will provide medical oversight for the venture.

"We are excited to formalize our relationship with UPMC Health System, which has a world-renowned reputation for quality and cutting-edge innovation," said Kenneth W. Freeman, chairman and chief executive officer of Quest Diagnostics. "This venture positions us immediately as the region's leading laboratory provider of high quality, low cost testing, with enhanced information and services setting the stage for future profitable growth in the region."

UPMC hospitals, physicians, affiliates and particularly patients will benefit from the expanded access, enhanced result reporting, consolidated infrastructure, and economies that Quest Diagnostics enjoys as one of the country's leading commercial providers of diagnostic testing, information and services. Cost savings also will benefit other health care providers throughout the region.

"The challenge in today's health care market is to achieve economies of scale while maintaining high quality," stated Jeffrey Romoff, president of UPMC. "To fulfill these goals in the important area of laboratory testing, UPMC is pleased to join in this joint venture with Quest Diagnostics. The synergy created by combining the core strengths of both of these organizations will make this the highest quality and most comprehensive laboratory service in the region."

Under the venture, UPMC and Quest Diagnostics will pursue several opportunities for technological innovation. These opportunities include information technology, best practices in laboratory diagnostics, diagnostic centers of expertise, and new test development, particularly in molecular diagnostics.

"Today's laboratories serve a dual mission—maintaining themselves at the leading edge of scientific innovation while providing high quality services at the lowest possible cost," said George Michalopoulos, M.D., Ph.D., Professor and Chairman of the Department of Pathology at the University of Pittsburgh School of Medicine and Pathologist-in-Chief of UPMC. "The first mission requires commitment to research and development, while the second mission calls for organizational skills in networking with multiple sites. The fusion of each partner's capabilities into this venture will benefit patient care for the entire community of Western Pennsylvania."

UPMC is an internationally recognized academic medical center. In response to the economic changes occurring in the health care industry, UPMC has launched an aggressive plan that will assure the survival of its research and educational mission in a cost-conscious managed care market. Elements of this plan include the development of an integrated network of hospitals throughout Western Pennsylvania; development of insurance products and collaborative relationships with major carriers; development of collaborative relationships with physician practitioners throughout the region; and development of diversified services to provide ancillary health care services and foster mutually beneficial business relationships with major corporations. Additional information can be found on the Internet at: [www.upmc.edu](http://www.upmc.edu).

Quest Diagnostics is one of the nation's leading providers of diagnostic testing, information and services to physicians, hospitals, patients, managed care organizations, employers and government agencies. The wide variety of laboratory tests performed help doctors, and hospitals diagnose, treat and monitor disease. Its Nichols Institute unit conducts research, specializes in esoteric testing using genetic screening and other advanced technologies, performs clinical studies testing, and manufactures and distributes diagnostic test kits and instruments. Quest Informatics collects and analyzes laboratory, pharmaceutical and other data to help large health care customers identify and monitor patients who are at-risk for certain diseases. Additional company information can be found on the Internet at: [www.questdiagnostics.com](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 1997 Form 10-K and subsequent filings.