



Quest Diagnostics Resolves Government Claims Against Nichols Institute

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TETERBORO, N.J., Jan. 3 /PRNewswire/ -- Quest Diagnostics Incorporated (NYSE: DGX), the nation's leading provider of diagnostic testing, information and services, announced that it has agreed to refund \$13.08 million to federal and certain state government health care programs. This resolves previously disclosed claims related to certain billing and marketing practices at several former facilities of the company's Nichols Institute unit that occurred prior to its acquisition by Corning Incorporated, the former parent of Quest Diagnostics, in 1994. The cost of the settlement will be covered under Quest Diagnostics' indemnification agreement with Corning.

"We strongly deny the government's contentions, and are settling this case to put behind us a matter that traces its origins to 1989," said Surya N. Mohapatra, President and Chief Operating Officer of Quest Diagnostics. "We believe that the practices in question were similar to those identified by government officials as common industry practices. Moreover, the practices were ended shortly after Quest Diagnostics purchased Nichols Institute in 1994. As the nation's leading provider of diagnostic testing, information and services, Quest Diagnostics has a culture of total regulatory compliance, which the government has referred to as 'a model for the industry.'"

The government claimed that Nichols Institute routine testing laboratories located in five states performed and billed certain laboratory tests, included in certain groupings of tests that were ordered for patients by physicians, which the government subsequently considered to be "medically unnecessary." Quest Diagnostics had an active compliance program at the time Nichols Institute was acquired and instituted programs and measures to conform Nichols Institute's practices with the company's understanding of legal and regulatory requirements and policies.

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: <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 1999 Form 10-K and subsequent filings. SOURCE Quest Diagnostics

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