

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into this 16th day of May, 1995, by and among the United States of America, acting through its Department of Justice; Corning Clinical Laboratories, Inc., formerly known as MetPath, Inc. ("MetPath"), a wholly owned subsidiary of Corning Life Sciences, Inc. ("CLSI"), a corporation organized under the laws of the State of Delaware; and K. Ramananda Madyastha (the "Relator") (hereinafter jointly referred to as the "Parties").

PREAMBLE

A. WHEREAS, this Agreement addresses Relator's civil claims against MetPath based on the conduct described in Preamble paragraphs D and E below and alleged in United States ex rel. K. Ramananda Madyastha v. MetPath, Inc., Civil No. CV494-94 (Southern District of Georgia, Savannah Division) (the "Civil Action"), filed by qui tam relator K. Ramananda Madyastha on April 11, 1994;

B. WHEREAS, MetPath owns and operates systems of clinical blood testing laboratories, including laboratories in Savannah, Georgia ("Savannah MetPath") and Teterboro, New Jersey ("Teterboro MetPath");

C. WHEREAS, MetPath submitted claims for payment to the Medicare program, Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq., and Medicaid program, Title XIX of the Social Security Act, 42 U.S.C. § 1396 et seq., administered by

the United States Department of Health and Human Services
("HHS");

D. WHEREAS, the Relator contends that MetPath violated the False Claims Act from 1990 through December 1994 in connection with blood tests that were ordered as finger stick glucoses, SMA-7's, SMA-12's, SMA-18's, and hemoglobins & hematocrits, but were performed and billed under erroneous CPT codes;

E. WHEREAS, the Relator contends that the practices described in Preamble Paragraph D above: (a) resulted in the submission of claims to the Medicare and Medicaid program for payment for tests that were not reasonable and necessary for the diagnosis and treatment of an illness or injury; and (b) enabled MetPath to improperly collect federal Medicare and Medicaid payments from HHS or its agents for such tests;

F. WHEREAS, the Parties agree that this Agreement does not constitute evidence or an admission by any person or entity, and shall not be construed as an admission by any person or entity, with respect to any issue of law or fact arising from the Civil Action;

G. WHEREAS, the Parties mutually desire to reach a full and final compromise, except as reserved below, of all civil claims the United States and/or Relator have or may have against MetPath based on the conduct alleged in Paragraphs D and E of this Preamble and in the Civil Action, and further wish to avoid the delay, expense, inconvenience and uncertainty of protracted litigation of these claims;

TERMS AND CONDITIONS

NOW, THEREFORE, in reliance on the representations contained herein and in consideration of the mutual promises, covenants and obligations in this Agreement, and for good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. MetPath agrees to pay to the United States the sum of fifty thousand dollars (\$50,000), and this sum shall constitute a debt immediately due and owed to the United States on the date of execution of this Agreement. This payment shall be made by MetPath to the United States by certified check made out to the Treasurer of the United States and shall be delivered to Michael F. Hertz, Director, Commercial Litigation Branch, Civil Division, Department of Justice, 10th Street and Constitution Avenue, N.W., Washington, D.C. 20530, or his designated representative, contemporaneous with the execution of this Agreement.

2. Subject only to the conditions specified in Paragraph 3 below, on receipt of the payment described in Paragraph 1 above, the United States and Relator will release and will be deemed to have released MetPath, their parents, affiliates, divisions, or subsidiaries, and assigns, and their present or former directors, officers, employees and shareholders from any civil or administrative monetary claims (including recoupment claims) that the United States has or may have under the False Claims Act, 31 U.S.C. § 3729 et seq. (as amended); the Program Fraud Civil Remedies Act, 31 U.S.C. § 3801 et seq.; the Civil Monetary

Penalties Law, 42 U.S.C. § 1320a-7a; or the common law for the conduct described in Paragraphs D and E of the Preamble.

3. The United States specifically does not release MetPath or any other entity or individual under this Agreement from (a) any criminal, civil or administrative claims arising under Title 26, U.S. Code (Internal Revenue Code); (b) any liability to the United States (or any agencies thereof) for any conduct other than that identified in Paragraphs D and E of the Preamble and the Civil Action; (c) any administrative action for exclusion or suspension by HHS pursuant to 42 U.S.C. § 1320a-7(a)(b); (d) any obligations created by this Agreement; and (e) any claims for defective or deficient services.

4. MetPath hereby agrees that it will waive and will not assert any defense, which may be based in whole or in part on the Double Jeopardy Clause of the Constitution or the holding or principles set forth in United States v. Halper, 490 U.S. 435 (1989), in any criminal prosecution.

5. The Relator asserts that the settlement of claims in the Civil Action is fair, adequate and reasonable under all the circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B). The United States agrees to pay K. Ramananda Madyastha the sum of twelve thousand, five hundred dollars (\$12,500) from the payment described in Paragraph 1 above within a reasonable time after receipt by the United States of such payment. On receipt of this payment, K. Ramananda Madyastha, for himself, his heirs, successors, and assigns, will release and will be deemed to have

released and forever discharged the United States from any claims pursuant to 31 U.S.C. § 3730(d)(1) for a share of the proceeds of the Civil Action and settlement of claims under this Agreement and agrees to release all claims against the United States arising out of the filing of the Civil Action. This Agreement does not resolve or in any manner affect any claims the United States has or may have against the Relator arising under Title 26, U.S. Code (Internal Revenue Code), or any claims arising under this Agreement.

6. After this Agreement is executed and the payment described in Paragraph 1 has been received by the United States, the United States and the Relator will notify the court that all Parties have stipulated that the Civil Action be dismissed with prejudice as to relator and that the Civil Action with regard to defendant MetPath be dismissed without prejudice as to the United States except that claims as to the conduct described in paragraphs D and E of the Preamble above be dismissed with prejudice as to the United States.

7. For government contracting purposes and for Medicare and Medicaid purposes, MetPath agrees to treat as unallowable all costs (as defined in the Federal Acquisition Regulations ("FAR") §31.205-47(a)), incurred by or on behalf of MetPath, and/or its current or former officers, directors, shareholders, employees, parents, subsidiaries, divisions, predecessors or successors, in connection with (a) the matters covered by this Agreement; (b) the government's audit and investigation of the matters covered

by the Agreement, (c) MetPath's investigation and defense of the matters covered by this Agreement, and corrective actions undertaken in response to the government's investigation, (d) the negotiation of this Agreement, and (e) all payments made to the United States or the Relator pursuant to this Agreement. These amounts shall be separately estimated and accounted for by MetPath, and MetPath will not charge such costs directly or indirectly to any contracts with the United States, or to any cost report submitted to the Medicare or Medicaid programs.

8. The payment from MetPath to the United States under Paragraph 1 above shall not be offset by any claims for payment now being withheld from payment by any Medicare or Medicaid carrier or intermediary; and MetPath agrees not to resubmit any claims to a Medicare or Medicaid carrier or intermediary that have been denied as of April 10, 1995 and agree not to appeal such denials of claims, where such denial resulted from the practices described in Paragraphs D and E of the Preamble above or the Civil Action.

9. This Agreement shall be binding upon the Parties, their successors, assigns, and heirs.

10. The undersigned officer of CLSI is authorized by his Board of Directors to execute this Agreement on behalf of CLSI and MetPath.

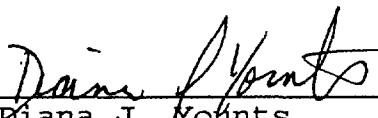
11. This Agreement shall become final and binding only upon signing by each respective party hereto.

12. This Agreement may be executed in counterparts each of which shall constitute an original and all of which shall constitute one and the same Agreement.

13. The Parties have executed four identical copies of this Agreement, each of which shall be deemed an original of this Agreement.

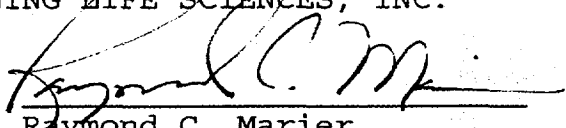
14. This Agreement is effective on the date of the last signatory to it.

THE UNITED STATES OF AMERICA

By: 
Diana J. Younts
Civil Division
U.S. Department of Justice

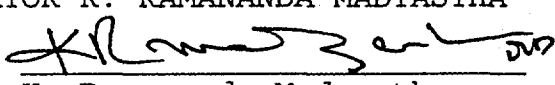
Dated: May 16, 1995

CORNING LIFE SCIENCES, INC.

By: 
Raymond C. Marier
Sr. Vice-President and General Counsel
Corning Life Sciences, Inc.

Dated: May 18, 1995

RELATOR K. RAMANANDA MADYASTHA

By: 
K. Ramananda Madyastha

Dated: May 23, 1995