



Diagnostic Testing and Technology Report

Competitive Intelligence & Analysis for an Expanding Global Market

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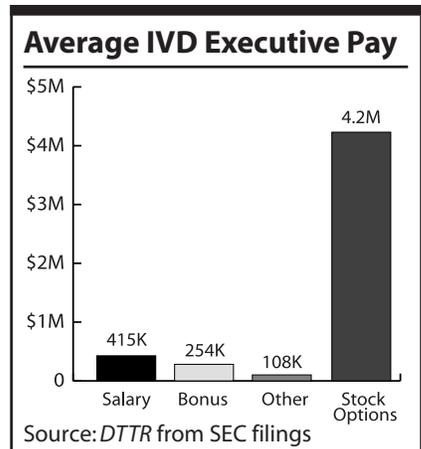


Established 1979

IVD Execs Paid An Average \$5M Each Last Year

The top executives at 20 leading American IVD companies received total compensation (including options) of \$99.5 million last year for an average of about \$5 million per executive, according to an analysis by *Diagnostic Testing & Technology Report (DTTR)* of proxy reports filed with the U.S. Securities & Exchange Commission. The average salary for these executives in 2001 was \$414,814; bonuses averaged \$254,205 and "other" compensation (e.g., restricted stock awards, life insurance coverage, country club memberships, forgiven loans, etc.) was \$108,227. But the biggest component of compensation was stock options, which averaged \$4.2 million in value per executive.

In contrast to the lucrative pay packages that American executives receive, Bayer Group (Leverkusen, Germany) paid the eight executives on its board of management total remuneration of 8.15 million euros (US \$7.25 million), or an average \$906,000 each, according to Bayer's latest annual report. For details on who got paid what last year, see *Inside The Diagnostics Industry*, pp. 5-7.



IVD Companies Average \$217K Revenue/Employee

Twelve of the world's largest IVD manufacturers generated an average \$217,422 in revenue per employee last year, according to data compiled by *DTTR*. The most efficient company by this measure was Cytec (Boxborough, MA). With 554 employees, it generated \$221 million in revenue last year for an average \$398,904 per employee. Johnson & Johnson (East Brunswick, NJ), which has about 4,000 employees at Ortho-Clinical Diagnostics and 2,500 at Lifescan, was the next most efficient, with \$328,000 in revenue per employee.

With 16,345 employees, Roche Diagnostics (Basel, Switzerland) generated sales of \$4.137 billion in 2001 for an average \$253,105 per employee. Abbott Laboratories (Abbott Park, IL), with \$2.9 billion in sales and 16,500 employees, had \$177,515 per employee; Beckman Coulter (Fullerton, CA), with sales of \$2 billion and a workforce of 10,000, had \$198,400.

Continued on p. 2

▲ **IVD Companies**, from page 1

Bayer Diagnostics (Tarrytown, NY) cut some 350 employees in 2001 to end with about 7,000, helping to boost revenue per employee to \$253,286 from \$248,163 in 2000.

Those companies at the bottom of the list of revenue-per-employee included Diagnostic Products (Los Angeles, CA), which generated \$283.4 million in sales in 2001 from 1,955 employees for an average \$144,977 per employee. With 5,400 employees, BioMerieux (Marcy-l'Etoile, France) generated sales of \$825 million for an average \$152,778 per employee.

Sysmex Corp. (Kobe, Japan), which acquired 100% of International Reagents Corp. (Kobe) effective April 1, 2002, had a combined 1,856 employees and \$375 million in revenue for the 12 months ended March 31, 2001 for an average \$202,047 per employee.

Revenue Per Employee At 12 Leading IVD Manufacturers

Company	Revenue (\$MM) Full-Year 2001	Annual Rev. Growth*	Employees	Revenue Per Employee
1. Roche Diagnostics	\$4,137	10%	16,345	\$ 253,105
2. Abbott Diagnostics	2,929	0%	16,500	177,515
3. Ortho-Clinical/Lifescan	2,132	8%	6,500	328,000
4. Beckman Coulter	1,984	5%	10,000	198,400
5. Bayer Diagnostics	1,773	2%	7,000	253,286
6. Becton Dickinson ¹	1,747	6%	8,100	215,649
7. Dade Behring	1,235	4%	6,500	190,000
8. BioMerieux ²	825	5%	5,400	152,778
9. Bio-Rad Clinical Diagnostics	418	2%	2,350	177,830
10. Sysmex/IRC ³	375	4%	1,856	202,047
11. Diagnostic Products	283	14%	1,955	144,977
12. Cytac	221	56%	554	398,904
Total, 12 companies	18,059		83,060	
Avg., 12 companies		6%		\$ 217,422

*Not adjusted for currency changes.

¹Data are for the nine months ended Sept. 30, 2001 and include revenue from the company's clinical lab solutions and biosciences divisions; employees are estimated based on figures provided by the company last year.

²Data are pro forma to include acquisition of Organon Teknika's diagnostics division.

³Data are pro forma for the 12 months ended March 31, 2001.

Source: DTTR and company reports 🏠

Court Upholds Ruling Against Roche In Igen Litigation

The U.S. District Court of Maryland has reaffirmed its Feb. 15 judgment ordering Roche Diagnostics (Basel, Switzerland) to pay \$505 million in damages to Igen International (Gaithersburg, MD) for violating a licensing agreement related to Igen's Origen technology (*DTTR, March '02, p. 4*). The decision confirms Igen's right to terminate the agreement and directs Roche to grant Igen a license to improvements developed by Roche, including its Elecsys immunoassay product line.

In upholding the judgment, the court rejected several motions filed by Roche to reduce by more than \$400 million the monetary damages awarded to Igen. The

court also rejected Roche's challenge to the jury's finding that Roche materially breached the license agreement. Finally, the court dismissed Roche's attempts to obtain a new trial on numerous issues, including the amount of punitive damages awarded. Roche has posted a bond of \$620 million to secure its financial obligations to Igen under the judgment.

In a press statement, Roche announced it will appeal to the Fourth Circuit Court of Appeals. The company will challenge a number of issues, including the award of punitive damages as well as the amount, and the definition of the level of information it must give Igen concerning improvements to Igen's technology.

In addition, Roche said it has revised its royalty reporting calculations and emphasized to affiliates the terms of the Igen licensing agreement to ensure full compliance. "We have made clear that we wish to continue our partnership with Igen and are confident we have taken and will continue to take the proper steps to resolve this dispute fairly in order to keep this technology available for patients around the world."

Igen has advised Roche in writing that the license agreement will automatically terminate, should the Court of Appeals affirm the judgment. Igen anticipates a decision in mid-2003.

Meanwhile, analysts continue to speculate that Roche will wind up acquiring Igen for a price tag of more than \$1 billion. At its current \$40 per share, Igen has a market capitalization of approximately \$900 million. 🏠

BioMerieux May Go Public After Breakup With Pierre Fabre

BioMerieux (Marcy-l'Etoile, France) may seek a public listing on the Paris stock exchange once it is separated from partner Pierre Fabre (Castres, France), according to Ernest-Antoine Seilliere, chairman of CGIP, a Paris-based investment holding company that has a 33% stake in BioMerieux. BioMerieux and Pierre Fabre merged in January 2001, but are now moving toward a split because of a lack of synergies (*DTTR*, April '02, p. 4).

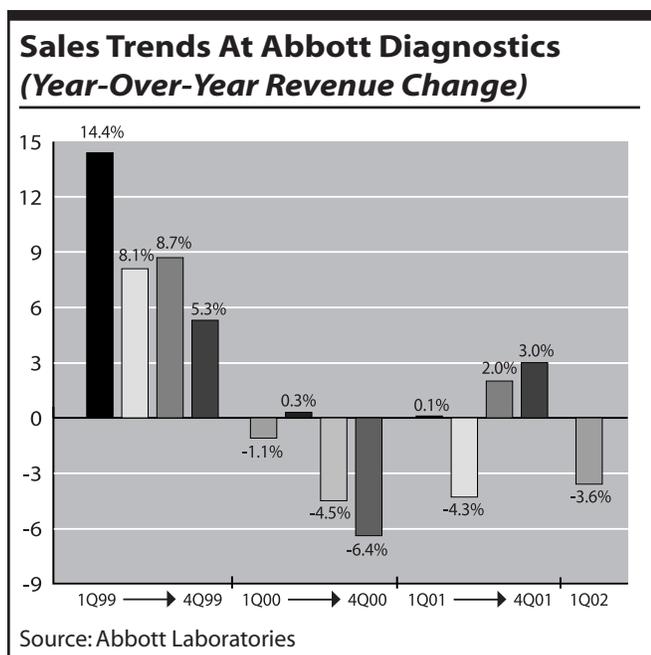
"It is very likely that the merger operation, if completed, will lead the Merieux family and ourselves (CGIP) to list (BioMerieux) ... I can't give you the listing date to within a few months, but it shouldn't take too long," Seilliere said at a recent press and analysts' meeting. A BioMerieux spokeswoman would only tell *DTTR* that BioMerieux is currently studying the possibility of "de-merging" and that an official announcement on the future of the company will be made in the coming weeks.

Separately, BioMerieux reported revenue of 938 million euros (US \$825 million) in 2001, up 5% from 897 million euros (US \$789 million) in 2000. [Revenue figures are pro forma to include the acquisition of Organon Teknika's diagnostics business (annual revenue, \$275 million) from the Dutch chemical company, Azko Nobel Group, in June 2001.] 🏠

Reintroduction Of Abbott Immunoassay Products Delayed Again

At press time, Abbott Laboratories (Abbott Park, IL) expects the Food & Drug Administration to make a final determination soon on whether Abbott's Lake County diagnostics facilities are in conformance with its Quality System Regulation (QSR).

Abbott has consistently underestimated the time it would take to reach full compliance with its consent decree with FDA, which the company signed in November 1999 to resolve alleged violations related to manufacturing and recordkeeping at its Illinois diagnostics plants. The consent decree suspended some 60 immunoassay tests made by Abbott from the U.S. marketplace and has delayed the launch of AbbottPrism—an automated, high-volume system for blood screening.



Most recently, Abbott executives had expressed hope of achieving final word from FDA by March 31. In early 2000, the company had anticipated return of the banned products by early 2001. These products accounted for roughly \$250 million in annual sales, or about 8% of Abbott's \$3 billion-per-year diagnostics business.

Meanwhile, Abbott reports that worldwide diagnostics sales fell 3.6% to \$679 million in the first quarter ended March 31, 2002. U.S. diagnostics were down 1.5% to \$301 million; international diagnostics fell 5.2% to \$378 million. First-quarter revenue at Abbott's MediSense glucose monitoring unit, which is part of Abbott Diagnostics, was flat at \$114 million. MediSense sales in the U.S. were down 1% to \$49 million, while international sales were up 1.6% to \$65 million.

Company-wide, Abbott reported first-quarter net income of \$854.3 million vs. a net loss of \$223.6 million in the comparable period a year ago; revenue rose 18% to \$4.189 billion. 🏠

Abbott Wins Red Cross Sole-Supplier Contract

Abbott Laboratories has won a five-year contract as the exclusive supplier of six infectious disease tests used to screen blood donated to the American Red Cross (ARC-Washington, DC). The new contract includes instruments and reagents for the following: HIV-1/-2 antibodies, HIV antigen, hepatitis B surface antigen, hepatitis B core antibody, hepatitis C antibody and HTLV-I/-II (human t-lymphotropic viruses). The company says the contract represents \$50 million in annual revenue.

Abbott previously had supplied tests to ARC only for HIV-1/-2 antibodies and HIV antigen. Ortho-Clinical Diagnostics (Raritan, NJ) had held the contract with ARC for the four other infectious disease tests. 🏠

inside the diagnostics industry

Cytc, J&J, Abbott, TheraSense Execs Richly Rewarded In 2001

Who are the best compensated IVD executives in the U.S.? For the answer, DTTR dug into the proxy statements of 20 leading IVD companies

The highest paid U.S. IVD executive in 2001 was Patrick Sullivan, chief executive of Cytc (Boxborough, MA), who earned a total of \$26.4 million. His compensation included a salary of \$375,000, a bonus of \$599,989, restricted stock awards of \$18,908, and 10-year options to purchase 750,000 shares of Cytc stock at a base price of \$20.75-\$21.92 per share. These options could be worth \$25.4 million if the stock price were to appreciate 10% annually until their expiration date in January 2011.

Cytc's president and chief operating officer, Dan Levangie, was also well compensated. He got \$21 million last year, including 600,000 options potentially worth \$20.4 million.

The company's net income fell to \$12.6 million in 2001 from \$38.1 million in 2000. Its stock price rose 25% last year to \$26.10 per share.

Johnson & Johnson (New Brunswick, NJ) paid James T. Lenehan, worldwide chairman of J&J's medical devices and diagnostics group, total compensation of \$8.6 million, including a salary of \$842,308, a bonus of \$864,965, other compensation of \$682,065 and options to purchase 400,000 shares of J&J stock with a grant date present value of \$6.2 million.

Ralph Larsen, chairman and chief executive of J&J, got total compensation of \$5.3 million last year, including a salary of \$1.5 million, a bonus of \$1.6 million and \$2.2 million in miscellaneous compensation. He was not granted any new stock options in 2001 because of his scheduled retirement this July. The 63-year-old chairman, who joined J&J in 1962 as a manufacturing trainee, will receive a pension of about \$1.9 million per year. In addition, Larsen will walk away with 1.4 million shares of J&J currently valued at approximately \$85 million, plus options to buy another 2.1 million shares worth tens of millions more.

IVD Execs: Largest Option Awards In 2001

Company	Executive	# Options Received	Value (\$MM)
Cytc	P. Sullivan	750,000	\$25.4
Abbott Labs	R. Gonzalez	250,000	19.3
TheraSense	W. M. Lortz	525,000	7.4
J&J	J. T. Lenehan	400,000	6.2*
Igen Int'l	S. Wohlstadter	200,000	6.0
Digene	E. Jones	69,000	3.7
Idexx	D. Shaw	100,000	3.6
Becton Dickinson	E. Ludwig	250,000	3.0
Diagnostic Products	M. Ziering	40,000	2.6
Quidel	S. W. Kay	500,000	2.5*
Beckman Coulter	J. Wareham	150,000	2.1*

*Grant date present value; those without an asterisk are valued assuming 10% appreciation
Source: DTTR from proxy statements

Sports stars and other celebrities have nothing on IVD executives. The compensation levels of many of these execs make them like mini-corporations in and of themselves

J&J reported net income of \$5.668 billion in 2001; shares of J&J rose 13% last year to \$59.10 per share.

As reported in our last issue, Richard Gonzalez, president and chief operating officer for Abbott's medical products group (including diagnostics), received total 2001 compensation of \$20.6 million, including options to buy 250,000 shares of Abbott stock potentially worth \$19.3 million. Miles White, chairman and chief executive of Abbott Laboratories (Abbott Park, IL) received total 2001 compensation of \$46.3 million, including options with a potential worth of \$40.5 million.

W. Mark Lortz, chairman and chief executive of TheraSense (Alameda, CA), earned \$7.8 million, including a salary of \$265,465 and a bonus of \$159,250. He also got 10-year options to purchase 525,000 shares of TheraSense with a potential value of \$7.4 million, assuming 10% annual appreciation. TheraSense recorded a net loss of \$79.6 million in 2001 vs. a net loss of \$58.4 million in 2000. The company went public at \$19 per share in October 2001 and ended the year at \$24.80.

Samuel Wohlstadter, chairman and chief executive of Igen International (Gaithersburg, MD) received \$6.54 million, including a salary of \$370,000, a bonus of \$170,400 and options with a potential value of \$6 million. In the fiscal year ended March 31, 2001, Igen reported a net loss of \$45.3 million vs. a net loss of \$34.5 million the year before. Igen's stock price rose 229% in 2001 to \$40.52 per share.

The lowest paid executive in our survey was Christopher Gleeson, president of Ventana Medical Systems (Tucson, AZ). He earned a total of \$234,802 in salary last year, with no bonus or options. Ventana reported net income of \$1.4 million in 2001 vs. a net loss of \$27.3 million the year before. Its stock price increased 22% in 2001 to \$22.62 per share.

Other executives who received lower-than-average pay included Michael Gausling, president of OraSure Technologies (Bethlehem, PA), which makes kits for drugs-of-abuse testing. He earned salary and other compensation of \$238,211 with no bonus or options. OraSure reported a net loss of \$3.7 million in 2001 vs. a net loss of \$12.7 million the year before. Its stock price rose 52% last year to \$12.50 per share.

Meanwhile, at the largest U.S. independent laboratory company, Ken Freeman, chairman and chief executive of Quest Diagnostics (Teterboro, NJ), received \$19 million in 2001, including 200,000 options potentially worth \$16.6 million. Quest reported net income of \$162.3 million last year. At the second largest U.S. lab company, Tom Mac Mahon, chairman and chief executive of Laboratory Corp. of America (Burlington, NC), received \$16.4 million, including 222,800 options with a grant date present value of \$8.8 million. LabCorp reported net income of \$179.5 million last year.

2001 IVD Executive Cash Compensation

<i>Company/Executive</i>	<i>Salary</i>	<i>Bonus</i>	<i>Other Comp*</i>	<i>2001 Total Cash Comp</i>	<i>2001 Company Net Income</i>	<i>2001 Stock Price % Chg</i>
Abaxis (1)						
Clinton Severson, Chmn	\$250,000	\$226,500	\$0	\$476,500	-\$1,460,000	-5%
Abbott Labs						
Richard Gonzalez, Pres, medical products	593,754	642,000	79,580	1,315,334	1,550,000,000	15%
Beckman Coulter						
John Wareham, Chmn	724,383	581,110	48,781	1,354,274	138,400,000	6%
Becton Dickinson (2)						
Edward Ludwig, Chmn	730,000	723,000	89,771	1,542,771	401,652,000	-4%
Bio-Rad						
David Schwartz, Chmn	528,835	271,882	591,967	1,392,684	44,179,000	99%
Cholestech (3)						
Warren Pinckert, Pres	275,000	35,000	8,452	318,452	-2,606,000	230%
Cygnus						
John Hodgman, Chmn	295,962	300,000	300,000	895,962	-39,200,000	8%
Cytc						
Patrick Sullivan, Chmn	375,000	599,989	18,908	993,897	12,635,000	25%
Diagnostic Products						
Michael Ziering, Chmn	475,000	80,000	31,750	586,750	39,029,000	61%
Digene (4)						
Evan Jones, Chmn	271,410	150,000	0	421,410	-6,481,000	-34%
Idexx Laboratories						
David Shaw, Chmn (5)	500,000	280,000	0	780,000	37,620,000	31%
Igen International (6)						
Samuel Wohlstadter, Chmn	370,000	170,400	0	540,400	-45,305,000	229%
Immucor (7)						
Edward Gallup, Chmn	225,008	0	40,626	265,634	-8,049,000	347%
Johnson & Johnson						
J.T. Lenehan, Chmn, med devices/diagnostics	842,308	864,965	682,065	2,389,338	5,668,000,000	13%
Meridian (8)						
William Motto, Chmn	387,700	0	50,298	437,998	-10,275,000	22%
OraSure Technologies						
Michael Gausling, Pres	225,211	0	13,000	238,211	-3,728,000	52%
Quidel						
S. Wayne Kay, Pres	344,231	0	209,346	553,577	853,000	52%
TheraSense						
W. Mark Lortz, Chmn	265,465	159,250	0	424,715	-79,649,000	31%
TriPath Imaging						
Paul Sohmer, MD, Chmn	382,212	0	0	382,212	-21,680,000	-18%
Ventana						
Christopher Gleeson, Pres	234,802	0	0	234,802	1,442,000	22%
Average, 20 execs	\$414,814	\$254,205	\$108,227	\$777,246		

*Other compensation includes the value of restricted stock awards, plus company contributions to retirement plans and life insurance policies, forgiven loans and company cars, but excludes stock options.

(1) Abaxis executive compensation and net income data are for the fiscal year ended March 31, 2001.

(2) Becton Dickinson executive compensation and net income data are for the fiscal year ended Sept. 30, 2001.

(3) Cholestech executive compensation and net income data are for the fiscal year ended April 30, 2001.

(4) Digene executive compensation and net income data are for the fiscal year ended June 30, 2001.

(5) David Shaw retired from Idexx, effective Jan. 23, 2002.

(6) Igen International executive compensation and net income data are for the fiscal year ended March 31, 2001.

(7) Immucor executive compensation and net income data are for the fiscal year ended May 31, 2001.

(8) Meridian executive compensation and net income data are for the fiscal year ended Sept. 30, 2001. 🏠

Abbott Labs, Univ. Of Zurich Collaborate On "Mad Cow" Blood Test

Abbott Laboratories is teaming up with the University of Zurich in Switzerland to develop a blood test that can detect bovine spongiform encephalopathy (BSE or "mad cow" disease) or the human equivalent, new variant Creutzfeldt-Jakob disease (nvCJD). Currently, there is no way to diagnose either without examining dead brain tissue or spinal cord matter. Under the licensing agreement, whose terms were not disclosed, Abbott obtains the rights to the university's method of binding proteins to diagnose the disease in people and animals. Abbott already has a separate agreement to distribute tests made by Enfer Scientific Ltd. (Tipperary, Ireland) to detect BSE in dead cattle (*DTTR*, April '01, p. 8).

Separately, ProMetic Life Sciences (Montreal, Canada) has announced it has formed a joint venture company with the American Red Cross to focus on developing an nvCJD test to screen blood donations.

Other collaborations formed to develop "mad cow" blood tests include Ortho-Clinical Diagnostics (Raritan, NJ) and Caprion Pharmaceuticals (Montreal, Canada); Roche Holding (Basel, Switzerland) and Prionics Inc. (Zurich); and Igen International (Gaithersburg, MD) and D-Gen Ltd. (London, England). 🏰

Bio-Rad Acquires Quantase Ltd. Of Scotland

Bio-Rad Laboratories (Hercules, CA) has acquired Quantase Ltd. (Perth, Scotland), a company that specializes in newborn screening products, including tests for Phenylketonuria (PKU) Galactosemia, and Glucose-6-Phosphate Dehydrogenase (G-6-PD) Deficiency. Quantase was formed in 1997 from a management buyout of the perinatal business unit of Axis-Shield (Dundee, Scotland). Quantase has 110 employees and estimated annual revenue of \$10-\$20 million; the purchase price was not revealed. Bio-Rad has been a worldwide distributor of Quantase's tests since 1999. 🏰

Calypte Going Out Of Business

Calypte Biomedical Corp. (Alameda, CA), which makes urine-based HIV-1 screening tests, says it has begun to wind down its operations and may soon have to file for bankruptcy. The company is laying off more than half its workforce of 66, effective immediately. As of Dec. 31, 2001, Calypte had a working capital deficit of \$4.3 million and says that without outside investment, it will no longer be able to sustain operations. Calypte recorded a net loss of \$9.248 million in 2001 vs. a net loss of \$12.364 million the prior year; revenue climbed to \$6.826 million from \$3.296 million. Since its inception in 1989, Calypte has recorded net losses totaling \$88.153 million. 🏰

Molecular Diagnostics Gets Patent For Cervical Cell Collector

Molecular Diagnostics Inc. (MDI-Chicago, IL) has been awarded a patent for its InPath PCD (personal collection device), designed for patient self-collection of cervical cells for Pap testing. The device looks somewhat like a tampon and

has a foam tip that collects cells from both the inner and the outer cervix with one insertion. After the sample is collected, the device is deposited in a liquid preservative for transport to a laboratory. The device is more comfortable for patients and results in less bleeding than the traditional spatula and brush methods, according to Eric Gombrich, vice president of MDI.

Gombrich says the InPath PCD will be marketed primarily to countries where a lack of physicians, or sociological or religious obstacles, preclude a woman from getting a specimen taken at a doctor's office. He anticipates the device will sell for approximately \$0.25 each. It is now in clinical trials in China as part of a broad study being managed in conjunction with the Cleveland Clinic Foundation and Beijing Cancer Institute.

Meanwhile, MDI expects to get clearance from the Food & Drug Administration for its e2 Collector within a matter of weeks. This cervical cell collection device, designed for use by physicians, consists of a small balloon, shaped to fit the cervix, and a reusable handle. The balloon is inflated in the cervix, collects cells from all areas, then is placed in a liquid preservative. Gombrich says the e2 Collector is also designed to be more comfortable for patients and to reduce bleeding. The expected sales price is \$0.50 to \$1.00 per collection.

In addition, MDI sells home-brew assays for detecting proteins associated with human papillomavirus (\$15 per test) and cervical lesions (\$7 per test). Ultimately, Gombrich says, the company aims to bring to market a point-of-care system that integrates its sample collection device and tests so that physicians can provide Pap testing in their offices.

MDI has not yet reported year-end 2001 financial results. In the nine months ended Sept. 30, the company recorded a net loss of \$9.201 million vs. a net loss of \$5.26 million in the comparable period a year ago; revenue was \$871,000 vs. \$839,000. 🏠

IVAX Diagnostics To Purchase Sigma-Aldrich's EIA Product Line

IVAX Diagnostics (Miami, FL) has signed a letter of intent with Sigma Diagnostics Inc., a unit of Sigma-Aldrich Corp. (St. Louis, MO), to acquire the assets of Sigma's global enzyme immunoassay (EIA) product line. This line accounted for approximately \$6 million of Sigma Diagnostics' total revenue of \$76.6 million in 2001. The acquisition is expected to close by June 30.

Assuming completion of the deal, IVAX will no longer sell reagents or instrumentation to Sigma Diagnostics (its largest customer for the past three years), but will market and sell the products directly.

Separately, IVAX reported a net loss of \$1.125 million for the three months ended Dec. 31, 2001 vs. a net loss of \$1.442 million in the same prior-year period; revenue increased to \$2.252 million from \$1.865 million. IVAX manufactures and markets reagents, instrumentation and software in the U.S. and Italy. Key products include the Mago Plus automated EIA processor and related EIA tests as well as a line of autoimmune reagents. 🏠

Careside Reports Fourth-Quarter Loss Of \$5.3M

Careside (Culver City, CA) recorded a net loss of \$5.33 million in the fourth quarter ended Dec. 31, 2001 vs. a net loss of \$4.752 million in the same period a year earlier; revenue increased to \$344,000 from \$105,000. Since its inception in July 1996, the company has accumulated net losses totaling \$60.9 million. Careside, which had cash holdings of \$39,000 as of Dec. 31, 2001, says it secured bridge loans of approximately \$1 million in the first quarter, but will require additional financing in the near future to sustain operations. The company reports that as of the end of January 2002, it had sold a total of 73 Careside Analyzers—a compact point-of-care blood testing system. 🏠

Physicians Labs Introduces First Home Test For Menopause

Privately held Physicians Laboratories (Kernsville, NC) has begun marketing its Revival Menopause Home Test, the first menopause self-test to receive clearance from the Food & Drug Administration (November 2001). The two-test kit package sells for \$60 and is currently available only from the company's Website and 1-800 number.

The disposable urine-based test measures a hormone called follicle stimulating hormone (FSH), which is produced by the pituitary gland to prod the ovaries to develop and release eggs. Two consecutive readings of elevated FSH levels indicate that a woman is in the menopausal transition, according to Physicians Laboratories. Untreated menopause, the company says, may lead to accelerated heart disease, rapid bone loss, vaginal atrophy, depression and memory problems.

The menopause test is the company's first diagnostic product. It also makes Revival soy products (drink mixes and bars), for reducing menopause symptoms. 🏠

Lifescan Launches InDuo System Priced At \$99

Lifescan (Milpitas, CA), a unit of Johnson & Johnson, and Novo Nordisk (Novo Alle, Denmark) have announced formal launch of their jointly developed InDuo system—the world's first combined blood glucose monitoring and insulin pen dosing system. The handheld device retails for \$99 and is especially recommended for people who take insulin two or more times daily and who test and take insulin outside the home, says Lifescan. The device, cleared by the Food & Drug Administration in June 2001, uses Lifescan's OneTouch Ultra test strips and Novo Nordisk's insulin cartridges. 🏠

Tessera Diagnostics Raises \$1.5 Million

Tessera Diagnostics (Seattle, WA) has raised \$1.5 million from Kirlan Venture Capital (Seattle). Tessera has licensed 21 prostate-specific genetic markers from The Johns Hopkins University and the University of Pittsburgh and is working to develop a urine-based kit for early detection of prostate cancer, including a home-test kit. Tessera was founded by its president, Robert Masterson, PhD, and its chairman, Raymond Cairncross, in 2001. Masterson was formerly scientific director at Genelex Corp. (Seattle); Cairncross is a founder and former chairman of Ostex International Inc. (Seattle). 🏠

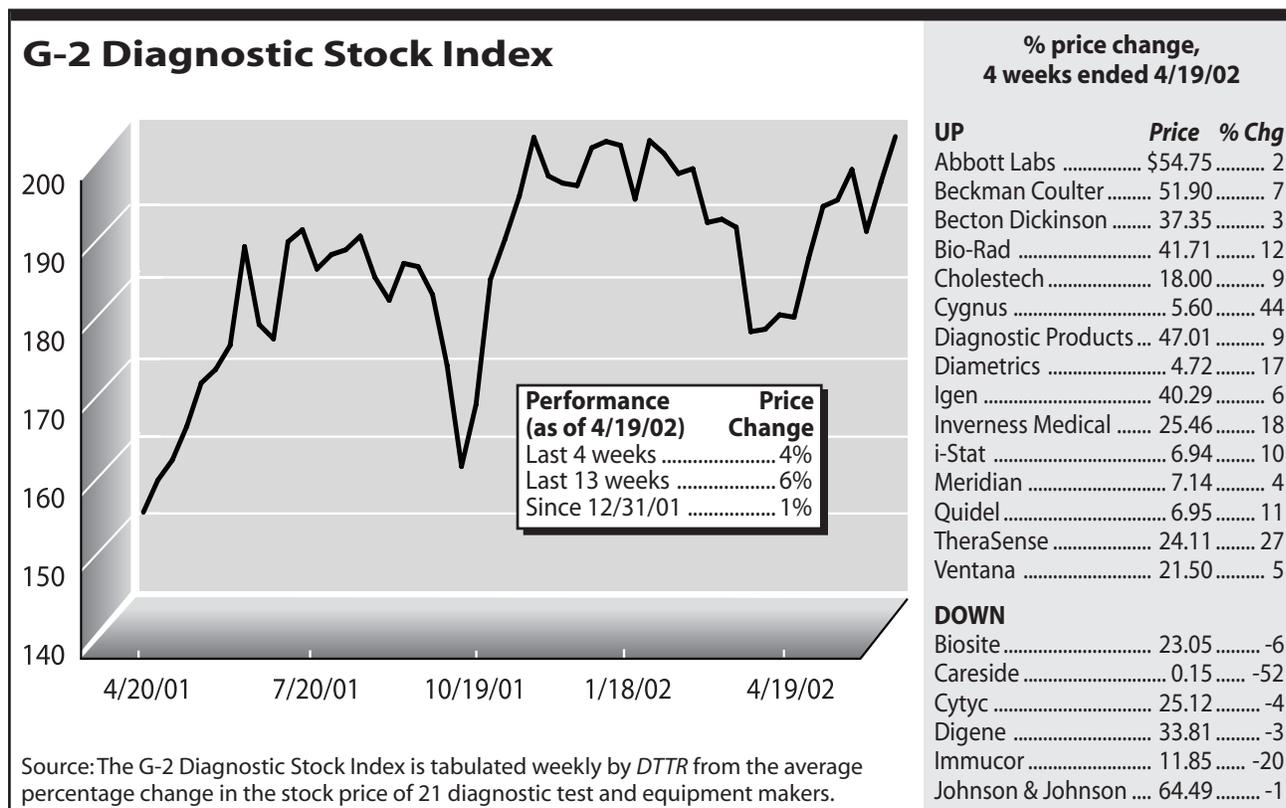
IVD Stocks Rise 4% In Latest Four Weeks

The 21 stocks in the G-2 Diagnostic Stock Index rose an unweighted average of 4% in the four weeks ended April 19, 2002, with 15 stocks moving up in price and six falling. Year-to-date, the G-2 Index has risen by 1%, compared with a 2% decline for the S&P 500 and an 8% drop for the Nasdaq.

Shares of **Cygnus** (Redwood City, CA) jumped 44% to \$5.60 per share, giving the company a market capitalization of \$214 million. Cygnus recently received supplemental pre-market approval from the Food & Drug Administration for its GlucoWatch G2 Biographer, the second generation of its non-invasive blood glucose testing device. The company's GlucoWatch products are worn like a wrist watch and collect glucose from the skin, not from blood. Cygnus says it will initiate sales of its first-generation GlucoWatch (approved by FDA in 2001) within the next few weeks; the second-generation product will be introduced later this year.

Shares of **TheraSense** (Alameda, CA) rose 27% to \$24.11 per share for a market capitalization of \$953 million. Investment banking firm WR Hambrecht & Co. (San Francisco, CA) recently initiated coverage of TheraSense, which makes the FreeStyle system for blood glucose testing, with a "strong buy."

Immucor (Norcross, GA) fell 20% to \$11.85 per share for a market cap of \$89 million. Shares fell despite the company's report of \$2.51 million in net income for the fiscal third quarter ended Feb. 28, 2002 vs. a net loss of \$5.834 million in the same period a year earlier; revenue was up 25% to \$21.125 million. Immucor expects full-year earnings of approximately \$8.8 million on revenue of \$82 million. ▲



G-2 Insider

Oddly enough, top executives at publicly traded IVD companies often find that leaving the job is far more lucrative than continued employment.

Consider John Bishop, former president and CEO of Vysis Inc. (Downers Grove, IL), which was acquired by Abbott in November 2001 for \$362 million in cash. In his last full year of employment with Vysis, Bishop received a salary of \$262,500 with no bonus or stock options. But his severance package provided him with a lump sum payment of \$930,000, plus a retention bonus equal to one year's salary for 90 days of work following the Abbott transaction. Bishop also gets reimbursed up to \$5,000 per month for any outplacement service he might use to find a new job. Last but not least, the transaction allowed Bishop to cash in on some 222,387 shares of Vysis he owned (as of Vysis' latest proxy statement) worth \$6.8 million.

Company References

Abbott Labs 847-937-6100

BioMerieux
33 (0)4 78 87 20 00

Bio-Rad Labs 510-724-7000

Calypte 510-749-5100

Careside 310-338-6767

Cygnus 650-369-4300

Cytc Corp. 978-263-8000

Igen 301-869-9800

IVAX Diagnostics
305-324-2338

Lifescan 800-227-8862

Molecular Diagnostics
312-222-9550

Physicians Laboratories
800-500-8053

Tessera Diagnostics
206-223-2714

TheraSense 888-522-5226

How about David Shaw, chairman and CEO of Idexx Laboratories (Westbrook, ME), who retired at age 50 after 19 years of service with the company? He will continue to receive a \$500,000 per year salary, plus benefits for the next two years. He also owns 1.31 million shares in Idexx (as per the latest proxy statement) worth roughly \$37 million.

Then there's Robert Thompson, who resigned as chief executive of OraSure Technologies, effective Jan. 31, 2002, after less than two years' employment with the company. Under his severance package, he'll get \$10,577 every two weeks until Sept. 29, 2003 for a grand total of \$456,923. Thompson also walks away with 388,200 shares of OraSure (as per the company's latest proxy statement) worth some \$3 million. Not bad for 17 months of work. 🏠

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