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LABORATORY INDUSTRY REPORT®

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HIGHLIGHTS

Quest To Pay $934M For LabOne; Will Antitrust Issues In Ohio Be Raised?

Quest Diagnostics (Lyndhurst, NJ) has announced plans to acquire LabOne (Lenexa, KS) for $934 million in cash, or $43.90 per share. The deal will bring Quest into the slow-growing and price-competitive life insurance applicant testing market and add to its leading position in the low-profit employee drug screening market.

As for clinical lab testing, LabOne will strengthen Quest's market share in the Midwest. But there's a chance that antitrust issues could be raised, possibly in the Cincinnati, Ohio, area. With the acquisition of LabOne, Quest will now control three major lab facilities in this area, including LabOne's giant new lab in Cincinnati plus Quest's regional lab in Louisville, Kentucky, and its joint venture in Dayton, Ohio.

On an August 8 conference call with analysts and investors, Quest's chief financial officer, Bob Hagemann, said, "We fully expect [Federal Trade Commission] regulatory clearance. . . . Although we operate in similar markets, there is no significant overlap in any of them, and we will be filing our HSR [Hart-Scott Rodino] filings within the next several weeks."

Then again, Quest executives said the same thing when they first announced the Unilab deal, which ultimately required the divestiture of certain lab facilities and contracts in northern California to pass muster with the FTC. For more details, see *Inside the Laboratory Industry*, pp. 5-10.

The Australians Are Coming! Sonic To Buy Texas-Based Clinical Pathology Labs

Australia's largest commercial lab company, Sonic Healthcare Ltd., has agreed to acquire an 80% to 85% stake in Clinical Pathology Laboratories (CPL-Austin, TX). The deal is expected to close on September 30 and will bring a deep-pocketed and aggressive competitor to the U.S. lab market. Sonic currently operates labs in Australia, Germany, and Britain, employs more than 11,000 people worldwide, and generates revenue of about $1 billion per year. CPL is the largest independent lab in Texas, with some 1,400 employees and revenue of $173 million in 2004.

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THE AUSTRALIANS ARE COMING!, *from page 1*

The exact percentage stake that Sonic buys is dependent upon the final percentage sold by CPL management. At an 80% stake, the deal will value CPL at $375 million (i.e., $300 million/80% stake = $375 million). That's 2.2 times CPL's revenue for 2004 and 2.0 times its expected revenue of $187 million for 2005.

The CPL shareholders who are selling include retired pathologists, non-active shareholders, and the Boston-based investment group Summit Partners, which acquired a 38% stake in CPL in 2001.

Key CPL management and pathologists, including chairman Robert Connor, M.D., and president David Schultz, will initially retain a 15% to 20% stake. Sonic will acquire this stake progressively over a three-year period (2009 to 2012) to reach 100% ownership.

The purchase of CPL offers Sonic a solid starting platform to grow in the United States. Sonic chief executive Colin Goldschmidt, M.D., says the CPL management team and structure will remain unchanged following the transaction and he expects continued growth from both market share gains and acquisitions.

CPL at a Glance

Chairman/medical director:	Robert Connor, M.D.
President:	David Schultz
Revenue, 2004:	$173 million
Revenue, 2005 (estimated):	$187 million
Main labs:	Austin, TX; Toledo, OH; Chantilly, VA
Patient service centers:	150
Employees:	1,400
Reference lab:	ARUP Labs

Source: *LIR*

Sonic, which also provides radiology services, has been expanding outside of Australia, where its takeover opportunities have been limited by competition concerns.

Sonic entered Britain through the acquisition of Doctors Laboratory (London), Britain's largest private lab company, in 2002. And last year Sonic entered Germany through the purchase of a 56% stake in Schottdorf Group, which operates a large, highly automated lab in Munich.

The entrance of Sonic into the U.S. lab market adds a formidable competitor to a market that is increasingly being gobbled up by Quest Diagnostics and LabCorp. After Sonic completes the purchase of CPL, it won't sit still. Sonic would be expected to compete aggressively on bids to acquire additional labs as well as for managed care and potential Medicare and Medicaid competitive-bid contracts.

CPL's biggest lab and headquarters are located in Austin, Texas, and its primary markets are Austin, Dallas/Ft. Worth, Houston, and San Antonio. In June 2003, the company expanded into the Washington, DC, area through the acquisition of Fairfax Medical Labs (Chantilly, VA). CPL entered the Ohio market through the purchase of Pathology Laboratories (Toledo, OH) in October 2003 and recently added to its presence with the acquisition of Lima Pathology (Lima, OH).

It's not clear why Quest and LabCorp each apparently turned away from pursuing CPL. Quest may have been preoccupied with its acquisition of LabOne, and we hear that LabCorp was turned off by CPL's strong confidentiality requirements.

Meanwhile, CPL's Schultz tells *LIR* that CPL and Sonic are a good fit because they share similar philosophies on many things including pathologists' involvement in the delivery of lab services. Under its operating strategy, CPL has "professional service agreements," with 23 pathology groups representing about 160 pathologists in Texas, Ohio, and Virginia. Under these arrangements, pathology groups get fees for providing medical director services for CPL's laboratories, interpreting both clinical and anatomic tests, and answering questions from physician clients.

Sonic Healthcare at a Glance

Managing director/CEO: ..... Colin Goldschmidt, M.D.
Revenue, FY 2005*: ..... $1.041 billion (73% laboratory/27% radiology)
Net income, FY 2005*: ..... $58.5 million
Employees: 11,000
*for fiscal year ended June 30, 2005
Source: Sonic Healthcare

Who'll Be Next?

The independent lab sector is getting more and more top heavy. Already this year, LabCorp has acquired US Labs and Esoterix, and Quest has agreed to acquire LabOne. And with Sonic's acquisition of CPL, another big acquisition-hungry company is entering the market.

But there aren't too many sizable independent labs left to buy. Together, Quest and LabCorp hold 59% of the independent lab market, and of the 10 next-largest independent labs in the nation, there really are only two or three that are likely sellers.

AmeriPath's complicated pathology group relationships make it difficult to sell, while hospital-owned labs like ARUP and Mayo are unlikely to be spun off. In fact, as far as *LIR* can figure, Bio-Reference Labs, Specialty Labs, and possibly Spectrum Laboratory may be the only viable acquisition targets on the list below.

The Top-Heavy Independent Laboratory Universe

Company	*Headquarters*	*Revenue 2004 ($ mill)*	*Market Share (%)*
Quest Diagnostics	Lyndhurst, NJ	$5,127	37
LabCorp	Burlington, NC	3,085	22
AmeriPath	Riviera Beach, FL	507	4
LabOne	Lenexa, KS	468	3
ARUP Laboratories[H]	Salt Lake City, UT	217	2
Mayo Medical Labs[H]	Rochester, MN	210	2
Genzyme Genetics	Westborough, MA	188	1
Clinical Pathology Labs	Austin, TX	173	1
Spectra Renal Management	Lexington, MA	160	1
Bio-Reference Labs	Elmwood Park, NJ	136	1
Specialty Labs	Valencia, CA	135	1
Spectrum Laboratory[H]	Greensboro, NC	95	1
Total, above 12 companies		10,501	76
Other independent labs		3,349	24
Grand Total		13,850	100

H = hospital owned

Source: *LIR* from companies (revenue for Mayo and Spectra is estimated)

Flow Cytometry Labs Recoup Some Medicare Losses

CMS' proposed physician fee schedule for 2006 will significantly raise payments for the technical component of flow cytometry testing, but won't offset all of the drastic 50% cut that became effective on Jan. 1, 2005 (see *LIR*, February, pp. 1-2). Assuming that the conversion factor for the physician fee schedule stays the same, CPT codes 88184 and 88185 will increase by 22% and 33%, respectively, in 2006. On the professional component side, CPT 88188 is scheduled for a small decrease of 2%.

Alan Mertz, president of the American Clinical Laboratory Association (ACLA-Washington, DC), says data from a survey of ACLA members helped convince CMS officials that they had underestimated the labor, equipment, and reagent costs to perform flow cytometry testing.

Medicare Reimbursement for a Typical Flow Cytometry Procedure

	2004	*2005*	*2006**
Laboratory/Technical Charges			
86359 (absolute T cell count)	$ 52.70	$ 52.70	$ 52.70
86379 (natural killer cell count)	52.70	52.70	52.70
88180-TC x 10	490.00		
88184 (first marker)		50.78	62.15
88185 x 9 (each additional marker)		225.09	300.15
Total	595.40	381.27	467.70
Pathologist/Professional Charges			
88180-26 x 10	200.00		
88188 (9-15 markers)		86.00	84.51
Total	200.00	86.00	84.51
Grand Total Reimbursement	$795.40	$467.27	$552.21

*Assumes the conversion factor is unchanged from 2005 level
Source: *LIR* from CodeMap, and ACLA

As a result of the hike in 88184 and 88185, Medicare reimbursement for the technical component of a common flow cytometry procedure—leukemia/lymphoma bone marrow evaluation of total T-cell and NK cell counts plus 10 markers (see table)—will increase from $381.27 in 2005 to $467.70 in 2006. That's a 23% increase, but it's still below the $595.40 level in 2004.

Total payment for this procedure will increase from $467.27 in 2005 to $552.21 in 2006—an 18% increase, but still below the 2004 level of $795.40.

Pennsylvania Co-Pay Proposal Knocked Out

A proposal by Pennsylvania Governor Edward Rendell (D) to put in place a lab co-pay that would have ranged from $0.50 to six dollars for Medicaid and welfare recipients has been knocked out of the final budget by state legislators. The lab co-pay would have become effective this past July for fiscal 2006 (ends June 30).

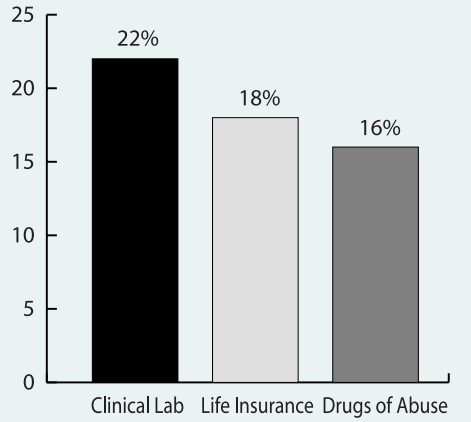
Instead of including it in the budget, legislators have given Pennsylvania's Department of Welfare authority to institute a lab co-pay. However, ACLA president Alan Mertz tells *LIR* that he believes officials at the Department of Welfare now understand the poor cost/benefit of instituting a lab co-pay and are unlikely to do so.

Cincinnati A Key To Quest/LabOne Combo

Executives from Quest Diagnostics and LabOne have downplayed the potential for antitrust concerns to be raised from the combination of the two companies, and they expect the deal to close in the fourth quarter. But regulatory filings with the Securities & Exchange Commission show that contingency plans have been put in place nonetheless.

The acquisition contract language states that LabOne will "use its reasonable best efforts to avoid, resolve, or eliminate each and every objection raised by the FTC, DOJ, or any other state antitrust governmental authority to the merger asserted, or suit challenging the merger instituted, or other impediment to the merger under any antitrust or competitive law, so as to enable the parties to consummate the merger as promptly as practical." The contract says that these "best efforts" may include selling or divesting assets that produce up to 2.5%, or $12 million, of LabOne's overall revenue for 2004.

Operating Profit Margins at LabOne*



*based on reported results for the six months ended June 30, 2005 Source: LabOne

LabOne's clinical lab business is the company's most profitable line of business. Based on reported results for the first six months of 2005, LabOne is currently generating $187 million of annual revenue and $41 million of operating profits (before overhead allocation) from this business for an operating profit margin of 22%; average revenue per requisition is $42.10.

Historically, LabOne's clinical lab business was focused on serving physician office clients in Missouri, Kansas, Tennessee, and other areas in the Midwest. LabOne has exclusive contracts to cover outpatient lab services for 800,000 managed care enrollees; key national contracts include United Healthcare, Cigna, and Humana. LabOne also has a Lab Card program for insurance companies and employers that cover approximately 3.3 million enrollees/employees under a discount fee schedule.

Major LabOne and Quest Facilities in Greater Cincinnati

Source: *LIR*

LabOne entered the Cincinnati market in January 2004 through the acquisition of the core laboratory operations of the Health Alliance of Greater Cincinnati (Health Alliance) for $42.4 million. The acquired operations included a $29 million per year outreach program plus an $11 million per year contract to provide reference testing services to the six hospitals affiliated with the Health Alliance and another $8.5 million per year to manage the labs at those hospitals. In total, the Health Alliance deal brought LabOne about $48.5 million of annual revenue.

Quest competes in Cincinnati from its regional lab in Louisville, Kentucky, which is about 90 minutes south of Cincinnati. Quest also manages a joint venture lab named CompuNet Clinical Labs in Moraine, Ohio (about 40 minutes north of Cincinnati). CompuNet is a for-profit joint venture owned 33% each by Quest, Miami Valley Hospital (Dayton, OH), and a local pathology group.

LIR estimates that LabOne has a 50% to 60% share of the physician office market in the greater Cincinnati area (see *LIR*, December 2002, page 6). Quest has an estimated 20% to 30% share, with the remainder held by LabCorp and several small hospital-based outreach programs and independent labs.

But even if Quest completes its acquisition of LabOne without having to make any significant divestitures, the company will still face the challenge of smoothly managing LabOne's key relationship with the six-hospital Health Alliance system.

Commercial labs have had a poor track record of maintaining long-term lab management agreements with hospitals—most recently Quest lost a major deal with Centura Health in Denver (see *LIR*, July 2005, page 3). The acquisition of LabOne could prove to be much more expensive than initially calculated, if the Health Alliance ties are not maintained over the long term.

When LabOne first acquired its Cincinnati lab operations, Health Alliance lab executives said they chose to sell to LabOne partly because the alternative—a sale to Quest or LabCorp—might have resulted in the exporting of tests and jobs out of Cincinnati. But only 18 months have gone by and now it looks like Quest will have control of the Health Alliance labs after all.

On the conference call, an analyst asked if Quest had spoken with executives at Health Alliance to ensure the relationship could be maintained. "We have built a brand new facility in the Cincinnati area, which is dedicated to serving the needs of the physicians in the Cincinnati community and certainly the Health Alliance system. We are very confident of the relationship that we have with the folks at Health Alliance," answered Tom Grant, chief executive at LabOne. "As you would expect, we thoroughly reviewed all of the significant contracts that LabOne has, this one included, and we feel very comfortable about that relationship," added Bob Hageman, chief financial officer at Quest.

But Gail Myers, a spokeswoman from Health Alliance, tells *LIR* that the hospital system was not consulted with prior to the merger announcement. She says that Health Alliance has been very happy with the service that LabOne has provided. As for how

A Potential Big Competitor Is Being Absorbed by Quest

When LabOne first acquired the Health Alliance lab operations early last year, the intent was to use them as a base to expand clinical operations into the Northeast (a key market for Quest). LabOne invested $24 million to build a new 136,000-square-foot lab in Cincinnati and had planned to use the new lab facility as a base to serve additional markets in the Northeast.

But on the conference call, Tom Grant, chief executive at LabOne, said, "The reality is that the bulk of our clinical lab business is in the Midwest and Kansas, Ohio, and Missouri and to roll out on a national basis obviously is an expensive endeavor, and certainly that was an endeavor that we were willing to take on. But with the opportunity to partner with Quest Diagnostics with their national platform and the premium for our stock, I think this is an attractive alternative for our shareholders."

From Quest's standpoint, the deal will remove a potential formidable competitor that was preparing for expansion into the eastern states, including Pennsylvania and New York (two key markets for Quest).

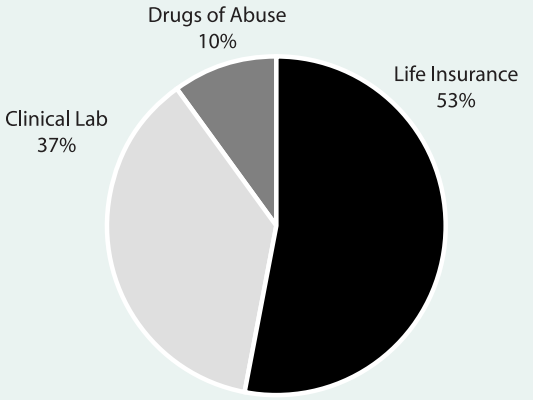
things will go after Quest acquires LabOne, she says, "We'll have to wait and see."

Life Insurance

On the conference call, Quest chief executive Surya Mohapatra, Ph.D., said a key element to the acquisition was LabOne's life insurance business. Quest, which currently has no presence in the life insurance testing and services market, hopes to expand LabOne's share in this market.

LabOne gets slightly more than half of its overall revenue from lab testing and services provided to life insurance companies, which use LabOne to help evaluate the mortality and morbidity risks of policy applicants. Services provided by LabOne include teleunderwriting, specimen collection and paramedical examinations, and laboratory testing.

Sources of Revenue for LabOne*



*based on reported results for the six months ended June 30, 2005

Source: LabOne

Based on reported results for the first six months of 2005, LabOne is now generating $269 million of annual revenue and $48 million of operating profits (before overhead allocation) from its life insurance business. Lab testing accounts for $84 million of the company's life insurance revenue and is performed at an average of $17.71 per applicant.

On the August 8 conference call, Mohapatra said, "The key is that Quest Diagnostics is going to bring a lot of core competencies, which will really help and accelerate the growth of the insurance business."

LabOne's Grant pointed to the broader testing menu at Quest. "The life insurance industry is using laboratory testing as really a means to evaluate risk, and having access to new tests that are developed is of keen interest," he said. Grant also pointed to opportunities to utilize Quest's network of 2,000 patient service centers. LabOne currently relies on contracts with some 5,000 mobile phlebotomists around the country to collect urine and draw blood from life insurance applicants.

However, *LIR* believes that Quest may have a difficult time gaining share in a fairly small market in which competitors appear to be using cutthroat pricing to compete.

The total market for life insurance lab testing and services in the United States and Canada is estimated at roughly $1 billion and is growing by 5% per year. LabOne has a 27% market share. LabOne's biggest customer is State Farm Insurance, for which it manages teleunderwriting, collection, and testing of specimens for State Farm life and health insurance applicants. In 2004, the State Farm account represented about $37.5 million, or 14% of LabOne's overall life insurance business.

LabOne's biggest competitors in the life insurance market include Hooper Holmes (Basking Ridge, NJ), which operates a full-service lab named Heritage Labs (Olathe, KS) that is aggressively expanding in the life insurance testing business. Last year, Heritage Labs tested 800,000 applicant specimens at an average price of only $13.71 per applicant. Another competitor is Examination Management Services (Irving, TX), a privately held company.

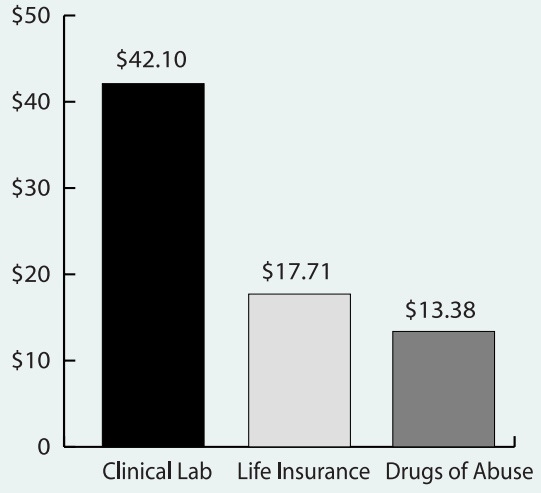
Drugs-of-Abuse Testing

LabOne gets 10% of its overall revenue from drugs-of-abuse testing ordered by employers to screen job applicants and workers. Based on reported results for the first six months of 2005, LabOne generates $48 million of annual revenue and $7.5 million of operating profits (before overhead allocation) from its drugs-of-abuse testing business; average revenue per requisition is $13.38.

Quest generates roughly $160 million per year of revenue from drugs-of-abuse testing, making it the leader in a market that *LIR* estimates to be about $425 million per year (based on 34 million drug screens per year at $12.50 per screen).

With the addition of LabOne, Quest will now generate some $208 million per year from drugs-of-abuse testing and hold nearly a 50% share of the U.S. market. Its next largest competitors will be LabCorp, with an estimated $95 million of annual revenue from drugs-of-abuse testing; Medtox, with approximately $40 million; and Psychemedics, with $22 million.

LabOne's Average Revenue per Requisition*



*based on reported results for the six months ended June 30, 2005

Source: LabOne

LabOne's Drugs-of-Abuse Testing Business at a Glance*

Annual revenue:	$48 million (growing 28% per year)
Annual operating income:	$7.5 million (growing 19% per year)
Estimated total market size:	$425 million
Key competitors:	LabCorp, Medtox, Psychemedics
LabOne's market share:	11%
Combined Quest/LabOne market share	49%
Average lab-testing revenue/requisition:	$13.38

*All financial results based on annualizing reported results for the six months ended June 30, 2005

LabOne's Life Insurance Business at a Glance*

Annual revenue:	$269 million (growing by 4% per year)
Annual operating income:	$48 million (declining by 7% per year)
Estimated total market size:	$1 billion
Key competitors:	Hooper Holmes and Examination Mgt. Services
LabOne's market share:	27%
Combined Quest/LabOne market share:	27%
Average lab-testing revenue/requisition:	$17.71

*All financial results based on annualizing reported results for the six months ended June 30, 2005

Source: *LIR* from LabOne
Source: *LIR* from LabOne

Happy LabOne Shareholders and Executives

Quest's offer of $43.90 in cash for each LabOne share represents a 17% premium to LabOne's closing price of $37.64 the day before the deal was announced. Among the LabOne shareholders who stand to gain the most from the transaction is Grant, age 54, who owns 384,532 shares (now worth $16.9 million) plus 458,875 options as of December.

After the close of the deal, Grant will become a senior vice president in charge of the merged company's life insurance and drugs-of-abuse testing businesses. Grant will get a $40,000 salary raise, to $365,000, and other incentives, including a $150,000 cash sign-on bonus and $250,000 worth of Quest stock.

LabOne's chief operating officer, Mike Asselta, 37, who owns 63,487 shares of LabOne (now worth $2.8 million), will stay on with Quest as executive director of merger integration. Asselta will get a $15,000 salary hike, to $240,000, plus a $125,000 cash sign-on bonus and $200,000 of Quest stock.

LabOne's chief pathologist, Patrick James, M.D., 54, who owns 6,300 shares of LabOne (now worth $276,570), will also stay with Quest. James' annual salary will be raised by $10,000 to $310,000; he'll also get a $75,000 cash sign-on bonus and $75,000 worth of Quest stock.

But shareholders don't have much to complain about, the buyout of LabOne at $43.90 per share will equate to an average annual return of 40% over the past five years for the stock.

Among LabOne's largest shareholders are the life insurance and money management company AXA Financial (New York City), which owns 1.4 million shares now worth $61 million, and two mutual fund companies: T. Rowe Price Associates (Baltimore, MD), with 1.3 million shares worth $55 million, and Villere & Co. (New Orleans, LA), with 1.1 million shares worth $47 million.

LabOne's Stock Price

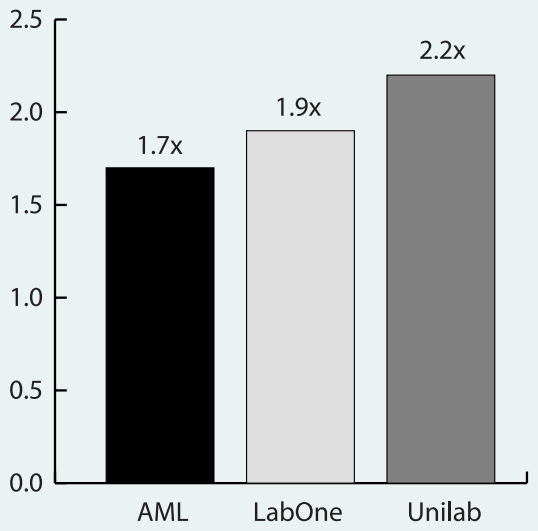
$1+$1=$4: Why It Pays To Make Small Lab Acquisitions

Over the past four years, LabOne has made a number of small- and mid-sized acquisitions. In August 2001, it bought the life insurance testing and services company Osborn Group for $50 million; Central Plains Labs was purchased in December 2002 for $12.6 million; the Health Alliance labs were bought in January 2004 for $42.4 million; and Northwest Toxicology was added in March 2004 for $10 million. Altogether, LabOne paid $115 million for these four acquisitions at an average price of 1.1 times the acquired annual revenue.

At $934 million, Quest is paying 1.9 times LabOne's annualized revenue of $504 million. Although this valuation is in line with similar acquisitions made by Quest (e.g., American Medical Labs and Unilab—see graph), it's nearly two times the amount that LabOne has paid for its own acquisitions.

The strategy is simple: 1) buy small labs at around one times their annual revenue; 2) merge them together; 3) sell to Quest or LabCorp at two times revenue. These simple economics are attracting investment from venture capital firms seeking to create "rollup" labs such as American Esoteric Laboratories (Nashville, TN—see *LIR*, May 2004, pp. 1, 5-7) and National Laboratory Partners (Brooklyn, NY—see *LIR*, April 2005, pp. 1-2). At the moment, there seems to be tens of millions of investment dollars seeking to get into the lab industry and not enough quality labs up for sale.

Acquisition Multiples by Revenue



Source: *LIR*

Meanwhile, on the August 8 conference call, Quest's Mohapatra said he expects the acquisition of LabOne will allow for $30 million in annual cost cutting. Mohapatra said the biggest contributors to the savings would be the elimination of duplicate infrastructure and administrative and public company costs. But $30 million doesn't seem like a lot given LabOne's annualized revenue of $504 million. A modest 5% to 10% client attrition rate at LabOne after the merger would wipe out the $30 million in planned savings, *LIR* observes.

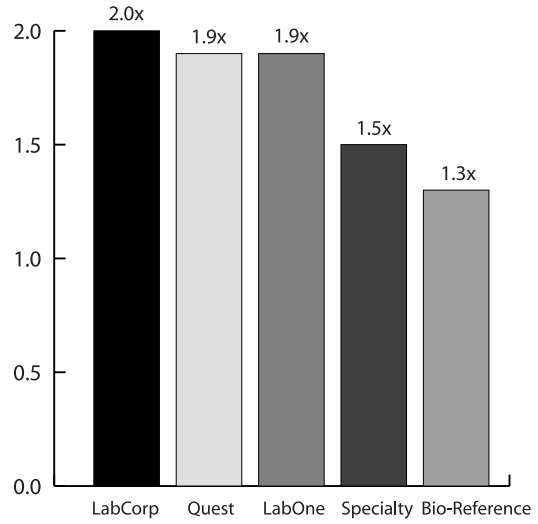
LabOne Acquisitions, 2001-2004 *($ millions)*

Date	Name	Purchase Price	Acquired Revenue	Price/ Revenue
Aug. 2001	Osborn Group	$50.0	37.0	1.4
Dec. 2002	Central Plains Labs	12.6	12.0	1.0
Jan. 2004	Health Alliance labs	42.4	48.5	0.9
Mar. 2004	Northwest Toxicology	10.0	11.0	0.9
Totals &Avg.		115.0	108.5	1.1

Lab Stocks Slip 1%, But Bio-Reference and Specialty Gain

The G-2 Laboratory Stock Index fell 1% in the five weeks ended August 19, with five stocks up in price and six down. So far this year, the G-2 index is down 6%, while the S&P 500 Index has risen 1%, and the Nasdaq is down 2%.

Price-to-Revenue for Five Clinical Lab Cos.

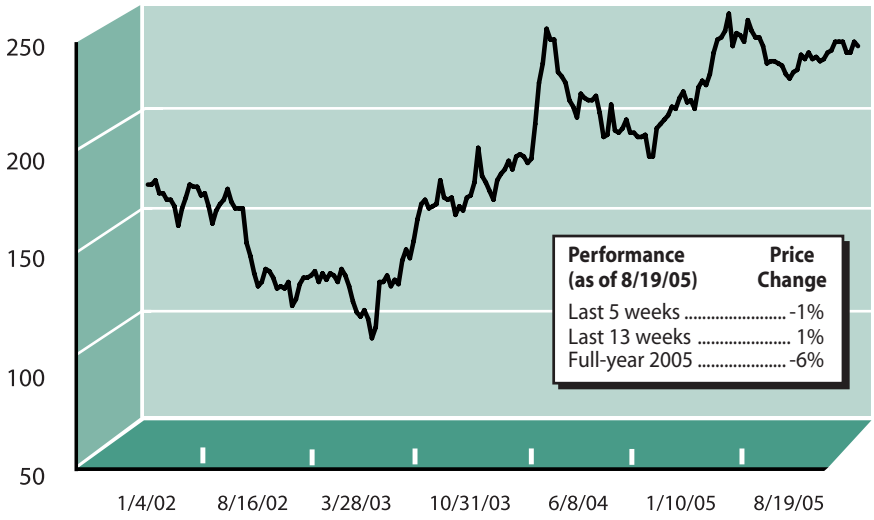


Source: *LIR*

The shares of two publicly traded clinical labs each recorded double-digit gains on the news that **Quest Diagnostics** was buying **LabOne** for $934 million (see page 1). Investors view these labs as potential takeover targets. **Specialty Laboratories** (Valencia, CA) was up 11% to $9.74 per share for a market cap of $230 million, and **Bio-Reference Labs** (Elmwood Park, NJ) was up 10% to $15.06 per share for a market cap of $191 million.

Meanwhile, **Orchid Cellmark** (Princeton, NJ), a new addition to our lab index, plunged 21% to $8.62 per share for a market capitalization of $211 million. Orchid, which performs forensic DNA testing and paternity testing, recently revised its revenue forecast down to a range of between $72 million and $75 million for the full year of 2005—a decrease from prior expectations of $75 million to $78 million. Orchid attributed the downward revision to slower-than-anticipated release of new National Institutes of Justice-funded bids for outsourced forensic DNA testing by states and other government agencies.

G-2 Laboratory Stock Index



Source: The G-2 Laboratory Stock Index is tabulated weekly by *Laboratory Industry Report* from the average percentage change in the price of 11 laboratory testing service stocks.

% price change, 5 weeks ended 8/19/05

UP	Price	% Chg
Bio-Reference	$15.06	10
LabOne	42.98	7
Medtox	7.58	3
Psychemedics	14.99	10
Specialty	9.74	11
DOWN		
Enzo Biochem	15.15	-13
LabCorp	49.50	-1
Myriad	17.00	-2
Orchid Cellmark	8.62	-21
Quest Diagnostics	49.98	-5
ViroLogic	2.28	-6

INDUSTRY buzz

Don't miss the **23rd Annual Lab Institute: Transformational Forces Reshaping Labs,** October 19-22, 2005, at the Crystal Gateway Marriott, Arlington, Virginia. This year's Institute will feature several key presentations on the molecular diagnostics revolution and how it will impact laboratories, including:

Myla Lai-Goldman, M.D., executive vice president at LabCorp, will discuss which developing molecular assays may have the biggest influence on clinical diagnostics and challenges and opportunities for clinical labs as the molecular revolution gains speed.

Jorge Leon, Ph.D., president of Leomics Associates Consulting Inc., will talk about the momentum gathering behind personalized medicine. He will give an update on where the big drug companies are in terms of bringing new therapies with companion diagnostics to market and provide his perspective on the exclusive licensing deals the big labs are securing for new esoteric tests.

Greg Tsongalis, M.D., director, molecular pathology, Dartmouth Hitchcock Medical Center, will head a panel discussion that will offer advice on what clinical labs and local pathologists can do to avoid getting left behind in the molecular diagnostics revolution.

In all, the Lab Institute conference will feature over 35 presentations and panel discussions from more than 70 laboratory experts and government officials covering a wide range of key regulatory, business, and scientific issues facing the lab industry. For a complete program, go to *www.g2reports.com* or call 800-401-5937, x2.

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American Clinical Laboratory Assn.
202-637-9466

Clinical Pathology Labs
512-339-1275

Health Alliance-Christ Hospital
513-585-2000

Health Alliance-University Hospital
513-584-1000

Orchid Cellmark 609-750-2200

Quest Diagnostics 800-222-0446

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