

LABORATORY INDUSTRY REPORT®

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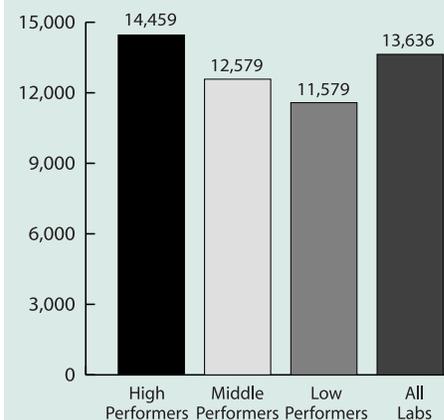
G-2 Survey Shows Higher Productivity At Profitable Outreach Programs

Hospital labs with large profitable outreach programs have higher productivity than other hospital labs, according to a survey conducted by Washington G-2 Reports in early March. The “High Performers”—those outreach programs that were unequivocally profitable—reported average productivity of 14,459 annual billable tests per FTE (including technical and administrative lab staff). Meanwhile, the “Low Performers”—those labs with unprofitable outreach programs—reported an average of 11,579 annual billable tests per FTE.

These survey results underscore the need for hospital labs to get their arms around the finances of their outreach programs. Despite years of railing by this publication and industry consultants, many hospitals still don't have financial systems in place to accurately measure their outreach program revenue and costs. In our survey, for example, only 80 out of 132 respondents, or 61%, said their outreach program is profitable, and that they have financial reports to back it up.

For more results from G-2's exclusive outreach survey, see *Inside the Laboratory Industry*, pp. 5-6. 🏠

Annual Billable Tests* Processed per FTE



*Includes inpatient, outpatient, and outreach tests
Source: G-2 Survey; March 2006; n=132

AAB Launches National Independent Laboratory Association

The American Association of Bioanalysts (AAB) has launched a trade association for independent laboratories, AAB Administrator Mark Birenbaum, Ph.D., tells *LIR*. The National Independent Laboratory Association (NILA) will be a platform for laboratory executives to share technical and business expertise and to focus on legislative and regulatory issues facing the lab industry. The core membership will be community clinical laboratories. “We’re oriented toward the concerns of the community laboratory, and we’ll be a spokesman for that sector of the industry,” Birenbaum says. ➔ p. 2



NILA's purpose: To provide a forum for the exchange of business and technical expertise and for coordinating efforts relating to legislative and regulatory issues facing the laboratory industry.

■ AAB LAUNCHES NATIONAL INDEPENDENT LABORATORY ASSOCIATION, *from page 1*

NILA was founded “to make it clear to those who are in clinical laboratory management that AAB membership is open to them, even if they’re not laboratory-trained,” explains Birenbaum. Membership is limited to laboratories with gross annual revenues of up to \$500 million. Member labs can each name two executive-level representatives who will be entitled to vote on group matters. Annual NILA dues are \$1,000 per lab, which includes two individual AAB director or owner memberships.

The organization officially began accepting members early this year. In February, it held its Leaders’ Forum in the Caribbean, where the focus was on exchanging ideas rather than listening to lectures. According to Birenbaum, “Mostly what we do are roundtable discussions, where we share information—laboratory manager to laboratory owner, going back and forth trying to help each other.” Key issues discussed at the meeting included competitive bidding, laboratory co-insurance, Medicare reimbursement issues, and information technology. Another important focus of NILA is business strategy. “We focus on how to stay in business—how to compete,” says Birenbaum. “That’s one of our biggest issues for the community clinical laboratory—how to survive in this very competitive and challenging business environment.” 🏛️

Mayo Plans \$22 Million Lab Expansion, New MML Facility

The Mayo Clinic (Rochester, MN) will invest \$22 million in expanding the clinical laboratory program on its Jacksonville, Florida, campus, it announced on March 24. The expansion, which will take place over the next nine years, will enable the Jacksonville lab to function as part of Mayo Medical Laboratories (MML), the for-profit reference testing arm of the Mayo Clinic.

★ NEW EDITOR FOR *LIR* AND *DTTR* ★

Washington G-2 Reports is pleased to announce that Stephanie Murg is taking over editorial responsibilities for *Laboratory Industry Report* and *Diagnostic Testing & Technology Report*. In addition, Stephanie will contribute regularly to the *Lab & Diagnostic eAlert*, work on a variety of G-2’s research reports, and participate in a number of our audioconferences and conferences. Most recently, Stephanie has written G-2’s soon-to-be-published, groundbreaking study on building a molecular diagnostics lab.

Stephanie’s background fits perfectly with G-2’s future and the needs of our readers, including a bachelor’s degree in neurobiology from Harvard and experience as a research associate at Harvard, JPMorganChase, and the National Bureau of Economic Research. She will be working out of the New York office and can be reached at smurg@ioma.com.

“The expansion of our lab capabilities will provide additional support for our local and regional hospitals,” says Dr. Arthur Jones, medical director of the clinical laboratory program at Mayo Jacksonville. Capital improvements will begin in mid-2006 and include purchasing about \$6 million worth of diagnostic equipment. The clinic also plans to hire nine pathologists and over 200 allied health staff.

MML provides esoteric testing services to the Mayo Clinic as well as hospitals and independent labs throughout the United States and internationally. In addition to its primary lab in Minnesota, MML operates a smaller lab in Wilmington, Delaware, that serves New England. *LIR* estimates that MML’s estimated revenue represented approximately 5%, or approximately \$290 million, of the Mayo Foundation’s total revenue of \$5.8 billion in 2005. 🏛️

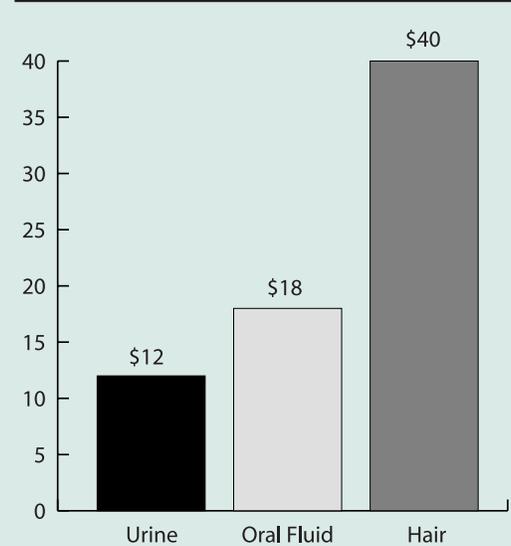
New Drug Testing Regulations Moving Forward

New regulations for workplace drugs-of-abuse testing developed by the federal Substance Abuse and Mental Health Services Administration (SAMHSA) are now under review by the Office of Management and Budget (OMB). The guidelines, if adopted, would allow for the use of alternative drug testing methods for federal employees, including oral and hair-based tests. The pricing for these types of tests is significantly higher than the traditional urine tests used to screen employees for illegal drugs.

A spokeswoman from SAMHSA says that after the OMB review, the proposed regulations will go to other agencies for comment. She said the starting date will be a time period after the regulations are signed so there is time for labs and others to implement the changes. *LIR* believes this could be as soon as Jan. 1, 2007.

The guidelines would directly affect some 1.6 million civilian federal employees and would probably influence many other employers as well. 🏛️

Lab Pricing for Various Drug Tests*



*Lab fee only (excludes specimen collection, medical review, and program management fees)
Source: Washington G-2 Reports

American Esoteric Laboratories Adds Third Lab To Network

Clinical reference lab group American Esoteric Laboratories (AEL; Nashville, TN) has acquired Physicians Medical Laboratory (PML; Morristown, TN), a full-service lab that serves 20 counties in East Tennessee. The acquisition is part of AEL's plan to broaden its network to be "a significant choice for managed care organizations," says AEL chairman and CEO Brian Carr. The purchase price was not disclosed.

AEL was formed in late 2003 by former AmeriPath executives Carr and James Billington with \$70 million of venture capital from Oak Investment Partners and ABS Capital Partners. PML is the third major lab in AEL's network, which includes a 35,000-square-foot Memphis lab (Memphis Pathology Laboratories, acquired in September of 2004) and their 27,500-square-foot national esoteric lab, Las Colinas, which opened last January in Irving, Texas. The Texas facility consolidated two small esoteric labs, ThromboCare Laboratories and Viral Diagnostics, acquired by AEL in early 2004. According to Carr, newly acquired PML will "reinforce AEL's desire to provide regionalized laboratories for community-based physicians, as well as further utilize our national esoteric facility." 🏛️

SpectraCell Acquires Lipid Labs

SpectraCell (Houston, TX), a clinical laboratory that specializes in nutritional testing, has acquired the assets of Lipid Labs (The Woodlands, TX), a startup clinical lab that specializes in advanced cholesterol testing, for an undisclosed sum.

Lipid Labs' Advanced Lipoprotein Fingerprinting (ALF) test uses patented ultracentrifugation technology to create a detailed cholesterol profile that helps doctors identify patients at risk for heart disease. The company's founder and CEO, Jan Troup, Ph.D., has joined SpectraCell's scientific staff.

SpectraCell at a Glance

Headquarters/lab: Houston, TX
 Chairman and CEO: William B. (Chip) Stanberry, Jr.
 Scientific Director: John F. Crawford, Ph.D.
 Employees: 78
 Proprietary test/price: FIA/about \$400 for 28-test panel
 2005 Revenue: \$12.2 million
 Source: SpectraCell

SpectraCell was founded in 1993 by William Stanberry, its chairman and CEO, to commercialize Functional Intracellular Analysis (FIA), a technology developed at the University of Texas by the Clayton Foundation for Research. SpectraCell acquired the rights to an exclusive license of the patent from the Foundation. The FIA test evaluates how an individual's white cells respond to specific environments of vitamins, minerals, amino acids, and

antioxidants. SpectraCell performed FIA on approximately 30,000 patient samples in 2005, a company representative tells *LIR*. The privately owned company recently moved into a new \$2.5 million, 20,000-square-foot facility in Houston. 🏠

Supreme Court Hears LabCorp Patent Case

On March 21, the U.S. Supreme Court heard arguments in the case of *Laboratory Corporation of America Holdings v. Metabolite Laboratories*, a benchmark patent case that could narrow the range of inventions eligible for patents. At stake is whether a patent held by the defendant, University of Colorado-affiliated Metabolite, covers a natural phenomenon or scientific principle and is therefore not patentable under U.S. law.

The case stems from a 1990 patent on a widely used method for detecting vitamin B12 and folate deficiencies: the "total homocysteine-only" test, which directly assays the amino acid homocysteine. According to Scott Weingaertner, counsel in the intellectual property practice of the law firm White & Case, "*LabCorp* has become a test case because the patent it involves is directed not at a device, but essentially to the act of observing a correlation—between a protein and a vitamin deficiency."

At the hearing, the justices appeared torn, with Justice Stephen Breyer musing as to whether the case should be sent back to the lower courts. Justice Antonin Scalia seemed to side with LabCorp. "What was made by man here?" he asked, referring to the invention as a natural principle.

"Whatever the Supreme Court decides, it will likely have a significant impact on technology and patent strategy for any industries and for U.S. technology policy in general," notes Weingaertner. Look for additional analysis of this case and the Court's actions in the next issue of *LIR*. 🏠

What Does It Take To Be Successful In Lab Outreach?

The quick answer: “Operate your lab outreach program as a distinct business separate from your inpatient testing, focus on customer service, and use accurate and timely financial reports to manage it.” At least that’s the takeaway from an online survey of hospital lab outreach programs conducted by Washington G-2 Reports in early March.

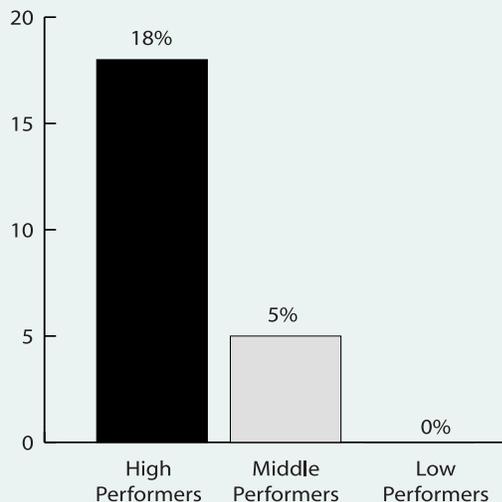
The Washington G-2 Reports survey of lab outreach programs received 132 completed responses from hospital lab managers and directors. The respondents were divided into three groups for comparison: 1) High Performers: 80 surveyed hospital labs that said their outreach program is profitable and have financial reports to back it up; 2) Middle Performers: 40 hospital labs that think their outreach is profitable, but don’t have financial reports to back up their opinion; and 3) Low Performers: 12 hospital labs that know their outreach is not profitable.

Washington G-2 Hospital Lab Outreach Survey

	<i>High Performers</i>	<i>Middle Performers</i>	<i>Low Performers</i>
Avg. annual total test volume	2,390,905	1,203,267	1,208,913
Avg. total test volume growth	6.9%	6.4%	3.2%
Avg. annual outreach volume	794,913	303,577	28,649
Avg. outreach test volume growth	9.1%	4.8%	4.2%
Outreach as % of total test volume	33%	25%	2%

Source: G-2 Survey, March 2006; n=132

Is Your Outreach Business Operated at a Freestanding Lab Facility?



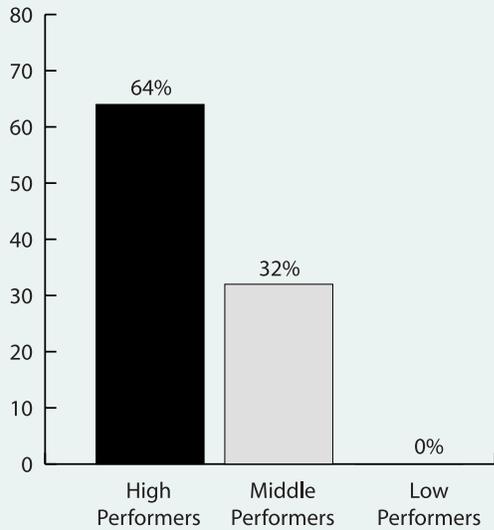
Source: G-2 Survey, March 2006; n=132

On average, the High Performers were bigger (2.39 million tests/year) and growing faster (6.9% test volume growth) than the two other survey groups. Outreach also comprised a bigger portion of overall test volume (33%) at the High Performers.

The survey looked for characteristics that differentiated the high, middle, and low performers. Eighteen percent of the High Performers said their outreach business was operated at a freestanding lab facility, while none of the Low Performers had a separate outreach facility.

The High Performers (64%) were also more likely to employ a dedicated sales and marketing staff for their outreach program. Only 32% of the Middle Performers said they had an outreach sales force and none of the Low Performers said they did.

Has a Dedicated Sales & Marketing Staff for Outreach



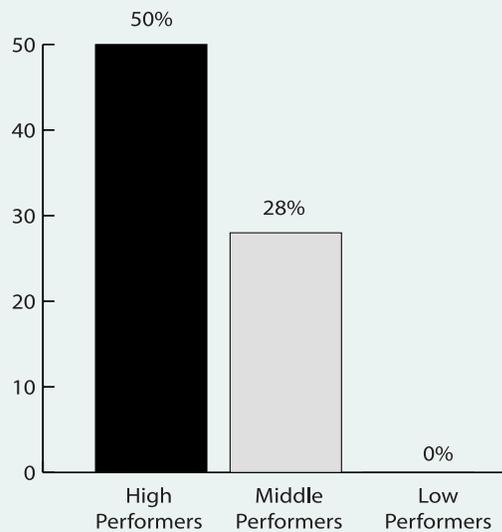
Source: G-2 Survey, March 2006; n=132

Half of the High Performers said billing and collection for their outreach was separately managed, either by administrative staff in laboratory or an outside vendor (as opposed to being managed by the hospital's main billing center). Twenty-eight percent of the Middle Performers managed outreach billing and collection separately, and none of the Low Performers did.

There was one area with complete unanimity. All three subsets of the survey listed "competition from Quest Diagnostics and/or LabCorp as their biggest challenge to

growing their outreach programs. Other top-ranked challenges included "exclusion from managed care contracts" and "lack of support/investment from hospital administration."

Outreach Billing and Collection is Separately Managed*



*Either by administrative staff in laboratory or an outside vendor

Source: G-2 Survey, March 2006; n=132

And finally, one hospital lab manager from Illinois summed up the advantages that hospital outreach programs have this way: "Local competitors can offer rapid turn-around times, immediate consultation with a pathologist, and a good knowledge of the local business community." 🏛️

Biggest Challenges to Growing Outreach

High Performers	Middle Performers	Low Performers
1) Competition from Quest and/or LabCorp	1) Competition from Quest and/or LabCorp	1) Competition from Quest and/or LabCorp
2) Exclusion from managed care contracts	2) Lack of support/investment from hospital	2) Exclusion from managed care contracts
3) Lack of support/investment from hospital	3) Exclusion from managed care contracts	3) Lack of support/investment from hospital

Source: G-2 Survey, March 2006; n=132

Monogram Expands Into Oncology, Expects To Launch Assay By Q4

Monogram Biosciences (South San Francisco, CA), an esoteric lab that has built a \$50 million business in HIV resistance assays, is expanding into the oncology market. The company plans to launch its first cancer assay by the fourth quarter of 2006.

Why oncology? Chairman and CEO William D. Young sees in this field significant parallels to where HIV therapeutics were a decade ago. "First, these [cancer] drugs tend to work very well in a small percentage of the patients. Second, they're very expensive, so there are a lot of costs associated with treatment. And third, they're already starting to be used in combination," noted Young in a presentation at the Cowen & Co. Health Care Conference in Boston in March.

Monogram, formerly ViroLogic, acquired Aclara Biosciences in December of 2004 (see *LIR*, February 2005, p. 9). The eTag technology originally developed by Aclara is now driving Monogram's oncology product development. eTag identifies and measures the activity of different receptors targeted by cancer therapies, which helps to guide treatment decisions. Unlike traditional ISH/FISH testing or gene mutation analysis, eTag provides a direct, quantifiable measure of a drug target and quantitative assessment of an activated target. The analysis can be performed on formalin-fixed, paraffin-embedded specimens.

With about a million new solid tumors diagnosed every year in the United States (compared with 40,000 new HIV cases), oncology also presents a large market opportunity: \$500 million to \$1 billion in the United States alone. Monogram's first eTag assays will address targeted

drugs that inhibit the EGFR/HER pathway (Herceptin, Erbitux, Tarceva, and Iressa).

According to Young, Monogram is currently focused on establishing a stable, well-validated, well-controlled assay. "We'll introduce the first product, around one cancer and one drug, toward the end

of the year," said Young. "And then we'll follow that with other cancers and other drugs over the course of the next year or two."

To market the new assay, Monogram will leverage its existing commercial infrastructure, which includes about 25 sales reps, and use a physician-oriented approach. "One of the things that we learned early on in high value diagnostics was that you had to actually sell directly to the physician. You could *not* depend on the diagnostic system, via Quest or LabCorp or others, to sell your product for you." ▲

Monogram's Initial Target Market for Oncology

Cancer	Incidence (2005)	Prevalence (2005)
Breast.....	212,900	2,222,000
Non-Small Cell Lung	172,500	235,730
Colorectal.....	144,900	407,470
Total	530,300	2,862,200

Source: NCI/SEER and Monogram Biosciences

Sonic's Goldschmidt Outlines U.S. Laboratory Strategy



Colin Goldschmidt, M.D.

On February 28, the editors of *Laboratory Industry Report* had the opportunity to interview Colin Goldschmidt, M.D., chief executive of Sonic Healthcare, the largest laboratory company in Australia. Sonic, which has annual revenue of more than \$1 billion, entered the U.S. lab market by purchasing Clinical Pathology Laboratories (CPL; Austin, TX) for \$312 million in October 2005. Here are some highlights from our interview:

Please describe the Australian laboratory market.

Around 10 years ago, the Australian lab market was fragmented, with most private pathology labs owned by pathologist partners. The current laboratory landscape is very different following major rationalization of the industry. Sonic Healthcare led the consolidation of the market, and today around 80% of the market is in the control of four listed players. Sonic currently holds approximately 35% to 40% of the private laboratory market in Australia.

The market is divided into private and public sectors. The private laboratory sector provides all outpatient services and services to non-government (private) hospitals on a fee-for-service basis. The public sector comprises laboratories situated in state government run hospitals, where the pathology is funded on a budget-based system (non-fee-for-service). The two sectors are essentially segregated and compete only in a very limited fashion.

The entire pathology market in Australia is estimated at around A\$3 billion (US\$2.25 billion) per annum, with the private market at around A\$2 billion per annum (US\$1.5 billion) and public market at around A\$1 billion (US\$750 million). The private and public markets are each growing at roughly 5% per annum.

What attracted Sonic to the U.S. laboratory market and more specifically to CPL?

Around the year 2000, Sonic explored laboratory markets outside of Australia and New Zealand. We identified the United Kingdom, Europe, and North America as markets where we believed we could add value, based upon our experience in Australia. Opportunities subsequently arose for us in the United Kingdom (TDL acquisition in 2002 and Omnilabs in 2003) and then in Germany (56% acquisition of the Schottdorf Group in 2004).

When considering acquisition opportunities, a key question for us is whether there is compatibility at a cultural and operational model level. When the CPL sale process was announced, we were most impressed to find that the culture

Sonic and CPL at a Glance

- Sonic acquired 82% of CPL on Oct. 1, 2005, for US\$312 million
- CPL business performing strongly, although its profit margins are lower than Sonic's overall average
- Earn out of US\$20 million likely to be paid in full in June 2006
- Sonic/CPL considering a range of expansion opportunities in the United States

Source: Sonic Healthcare

and values of CPL were very similar to those of our own, and we then pursued the opportunity. I should add that I think that CPL was likewise impressed with the culture, values, and model that they saw in Sonic.

The Sonic model may be regarded as unconventional by some, although I believe passionately that it is a model that resonates strongly with the majority of doctors—pathologists and clinicians alike. Within a “federation” structure, our model is based on medical leadership and personalized service—it is very much a physician-centric model.

Just chasing dollars doesn’t sit well with physicians. Our medical leadership philosophy is one that simply acknowledges the professional, or medical, focus of the laboratory industry in general. It implies that pathologists and other experienced healthcare professionals are the most suitable people to lead and manage labs. The CEOs of most companies within the Sonic Healthcare group are pathologists or radiologists. As CEO of the parent company for over 10 years, I have found that being a pathologist myself has been enormously advantageous in dealing with staff, referring physicians, customers, and investors. More than this though, our medical leadership model commits to the involvement of all pathologists in the management of our businesses. The physician-centric model provides a knowledge advantage, which in turn affords us competitive advantage. Importantly, our medical model has demonstrated that it is well-suited to the delivery of solid financial outcomes too.

Our federation structure is one of independent labs working in a synergistic network to achieve highest-common-denominator outcomes in terms of service and business excellence. We are keen for companies that we acquire to maintain their management autonomy, their name, and their local “flavor.” In essence, we recognize that we are largely purchasing goodwill, and therefore we wish to ensure that the goodwill in these labs, in many cases established over decades, is both preserved and propagated. Within this federation, labs work in a collaborative structure to achieve synergies, through detailed benchmarking leading to best practice, and through the many other areas of synergy available within the business of pathology.

In the case of CPL, Dr. Bob Connor, chief executive, and David Schultz, chief operating officer, have built a strong and sizeable business using their medical leadership model and outstanding personalized service as their foundations. Sonic has much in common with CPL, and we believe that this model may be an attractive option for other like-minded labs in the United States wishing to join our collegiate network.

Will Sonic make any key changes to the way CPL is operated?

No. Management autonomy is integral to our strategy. CPL’s performance to date has been outstanding, and we are confident that the experienced and dedicated management team and pathologists will continue to deliver excellent results.

Are there any cost savings that can be achieved now that CPL is part of Sonic?

We are looking at a number of areas of collaboration and cost savings—these include benchmarking and purchasing of instruments and reagents at this stage. Another potential area of synergy lies with CPL’s outsourced pathology. As you

know, CPL is Sonic's first acquisition in the United States, and we are hopeful that, in time, we will build a network of labs in the United States, where synergy potential will be greatly enhanced.

What is the potential for lab specimens from the United States to be analyzed overseas and vice versa?

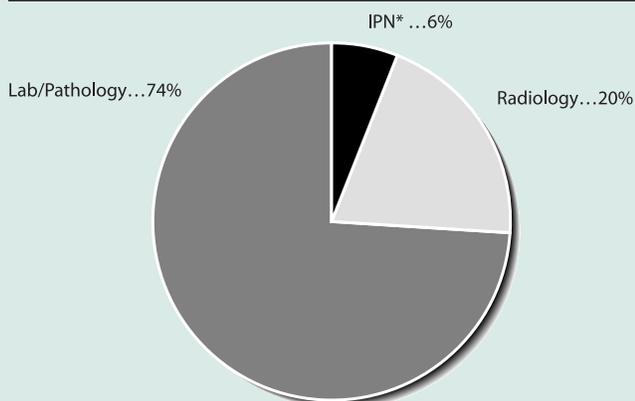
With Sonic's growing international lab network, the inter-referral of specimens between labs in different countries is a possibility. But we are not contemplating this step at present. [Note: In Europe, Sonic transports esoteric specimens daily from its

laboratory in the United Kingdom to its Schotttdorf Group laboratory in Germany.]

Will Sonic pursue diagnostic imaging in the United States?

Although we do operate imaging businesses in Australia and New Zealand, our focus outside of these countries will remain confined to the laboratory sector for the time being. Although laboratory operations and diagnostic services are related—in the sense that both fall into the medical bracket of "diagnostics" and both have the same customers—their operations have distinctive differences. In order to combine laboratory and diagnostic test results into a single report, you need simultaneous ordering, and that's not the way things are done today. 🏢

Sources of Revenue at Sonic Healthcare



*Independent Practitioner Network: manages more than 100 physician practices throughout Australia

Source: Sonic Healthcare (based on total revenue of US\$566 million for six months ended Dec. 31, 2005)

Quest Cuts Jobs In St. Louis, Continues Consolidating LabOne Facilities

Quest Diagnostics (Lyndhurst, NJ) plans to eliminate 290 of the 900 jobs at its St. Louis, Missouri, clinical laboratory. According to Quest spokesperson Gary Samuels, the company will also transfer an undetermined number of St. Louis-based jobs to its laboratory in Lenexa, Kansas. *LIR* expects the Lenexa facility, which Quest acquired as part of its acquisition of LabOne, to become Quest's center for workplace drugs-of-abuse testing and insurance risk-assessment services. Quest completed its all-cash acquisition of LabOne in November of last year in a transaction valued at \$934 million. 🏢

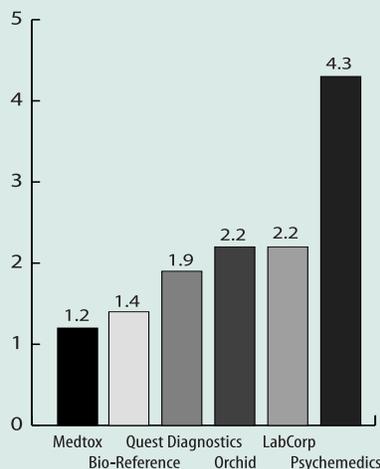
Sparton To Purchase Astro

Sparton Corporation (Jackson, MI), an electronics design and manufacturing firm, has signed a letter of intent to purchase Astro Instrumentation (Strongsville, OH), the privately owned medical device and lab equipment maker that has designed such products as Immunicon's CellTracks AutoPrep system, an in vitro diagnostic device that has been used to isolate and characterize rare tumor cells. Five-year-old Astro earned revenues of \$33.6 million in 2005. Sparton plans to keep Astro operating as a wholly owned subsidiary and will retain its current management and staff. The transaction is expected to be completed by July of this year. 🏢

Lab Stocks Rise 3% Led By Myriad, Psychemedics, And Bio-Reference

The G-2 Laboratory Stock Index rose 3% in the seven weeks ended March 24, with seven stocks up in price and four down. Year to date, the G-2 Index is up 7%, while the Nasdaq is up 5% and the S&P 500 is up 4%.

Price-to-Revenue Ratios for Selected Lab Stocks



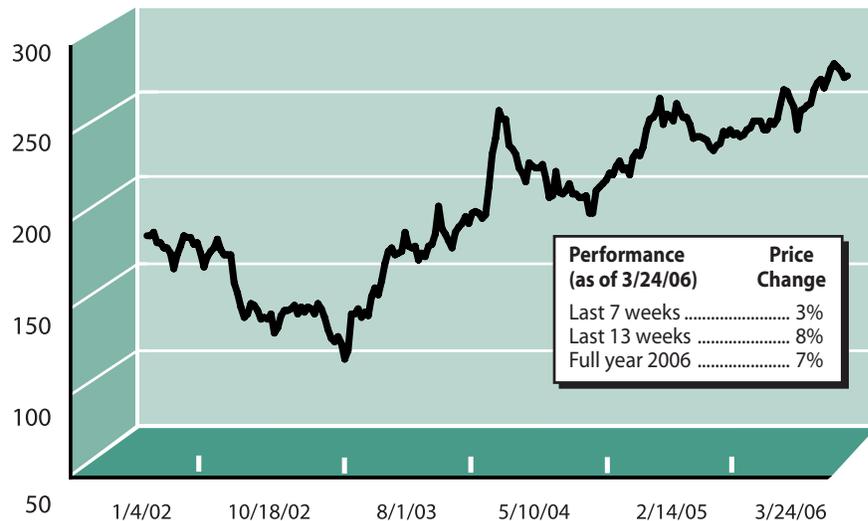
Myriad Genetics (Salt Lake City, UT) was up 23% to \$25.92 per share, helped in part by its recent announcement that an extended Phase 2 clinical trial of its Alzheimer's disease (AD) treatment, Flurizan, has shown enduring benefits to patients with mild AD.

Psychemedics (Acton, MA) was up 22% to \$17.80 per share, soaring from its record fourth-quarter and year-end results announced on February 8. Fourth quarter revenue was up 11% to \$5.1 million, with net income of \$916,900, up 68% year-on-year. Revenue for 2005 was \$21.4 million, an increase of 13% over that of 2004, while net income for the year was \$4.0 million, up 46% on the 2004 numbers.

Bio-Reference (Elmwood Park, NJ) was up 16% to \$18.74 per share, boosted by its first-quarter earnings report. Profit grew 25%, due in part to a rise in patient count and higher revenue per patient. Profit for the first quarter grew to \$1.2 million from \$925,000, while revenue was up 17% to \$42.9 million from \$36.8 million.

Shares of **Genomic Health** (Redwood City, CA) dropped 22% on news of increased regulatory risk for its Oncotype DX breast cancer assay, the company's only product. The company received a letter from the FDA in January asking to discuss the regulatory status of the test. FDA regulation could require the company to perform clinical trials in order to keep the product on the market. 🏠

G-2 Laboratory Stock Index



Performance (as of 3/24/06)	Price Change
Last 7 weeks	3%
Last 13 weeks	8%
Full year 2006	7%

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 7 weeks ended 3/24/06

UP	Price	% Chg
Bio-Reference	\$18.74	16%
Enzo Biochem	12.81	4
LabCorp	59.32	4
Medtox	8.93	9
Myriad	25.92	23
Quest	52.38	3
Psychemedics	17.80	22
DOWN		
Clariant	1.12	-3
Genomic Health ...	11.47	-22
Monogram	1.92	-4
Orchid	5.81	-18

INDUSTRY *buzz*

A New CEO Blooms At Orchid Cellmark... Forensic DNA testing leader Orchid Cellmark (Princeton, NJ) announced on March 9 that it has replaced president and CEO Paul Kelly, M.D., with Thomas Bologna, who takes over on April 3. The company's stock rose more than 8% on the news, despite the company's concurrent warning of a greater than expected projected operating loss for 2005.

Kelly, who led Orchid Cellmark from June 2003, has left the company. Bologna, 57, was most recently the president and CEO of Quorex Pharmaceuticals, a drug discovery company that was purchased by Pfizer in December of 2004. Before joining Quorex, Bologna was CEO of Ostex International. He has also served as chief executive of Gen-Probe Incorporated and held senior positions at Becton Dickinson and Warner Lambert.

In a separate announcement, Orchid Cellmark announced that it now expects total revenues for 2005 to be between \$61 million and \$62 million, down from its previous forecast of \$64 million. Due to a disappointing fourth quarter, the company expects an operating loss of approximately \$8 million for the full year of 2005, up from its original estimate of \$4 million. 🏠

Did You Know?

APRIL 23-29
is National Medical Laboratory
Professionals Week
Learn more at www.labweek.org

References in this issue

American Esoteric Laboratories
800-590-4235

Mayo Medical Laboratories
800-533-1710

Monogram Biosciences
650-635-1100

National Independent Laboratory
Association/AAB 314-241-1445

Orchid Cellmark 609-750-2200

Quest Diagnostics 201-393-5000

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