BIO RAD LABORATORIES INC
Form 424B3
May 03, 2005
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-124188

PROSPECTUS

BIO-RAD LABORATORIES, INC.

OFFER TO EXCHANGE

$200,000,000 principal amount of its

6.125% Senior Subordinated Notes due 2014

which have been registered under the Securities Act,

for any and all of its outstanding 6.125% Senior Subordinated Notes due 2014

The exchange offer expires at 5:00 p.m., New York City time, on May 31, 2005, unless extended.

We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of a new series of notes which are registered under the Securities Act.

The exchange offer is not subject to any conditions other than that it not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission.

You may withdraw tenders of outstanding notes at any time before the exchange offer expires.

The exchange of notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the new series of notes are substantially identical to the outstanding notes, except for transfer restrictions and registration rights relating to the outstanding notes.

You may tender outstanding notes only in denominations of $1,000 and multiples of $1,000.

Our affiliates may not participate in the exchange offer.

Please refer to Risk Factors beginning on page 12 of this prospectus for a description of the risks you should consider with respect to the exchange offer.

We are not making this exchange offer in any state where it is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission has approved of the notes or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 2, 2005.

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We have not authorized any dealer, salesperson or other people to give any information or make any representations to you other than the information contained in this prospectus. You must not rely on any information or representations not contained in this prospectus as if we had authorized it. This prospectus does not offer to sell or solicit an offer to buy any securities other than the registered notes to which it relates, nor does it offer to buy any of these notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The information contained in this prospectus is current only as of the date on the cover page of this prospectus, and may change after that date.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge to you upon written or oral request. If you would like a copy of any of this information, please submit your request to Bio-Rad Laboratories, Inc., 1000 Alfred Nobel Drive, Hercules, California 94547, Attention: Legal Department, or call (510) 724-7000 and ask to speak to someone in our Legal Department. In addition, to obtain timely delivery of any information you request, you must submit your request no later than May 23, 2005, which is five business days before the date the exchange offer expires.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements, as defined by federal securities laws, with respect to our financial condition, results of operations and business and our expectations or beliefs concerning future events. Words such as, but not limited to, believe, expect, anticipate, estimate, intend, plan, targets, likely, will, would, could and similar expressions or phrases identify forward-looking statements.

All forward-looking statements involve risks and uncertainties. The occurrence of the events described, and the achievement of the expected results, depend on many events, some or all of which are not predictable or within our control. Actual results may differ materially from expected results.

Factors that may cause actual results to differ from expected results include, among others:

- our ability to successfully develop and market new products;
- our reliance on and access to necessary intellectual property;
- our substantial leverage and ability to service our debt;
- competition in and government regulation of the industries in which we operate; and
- the monetary policies of various countries.

All future written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We undertake no obligation, and specifically decline any obligation, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur.

See the section entitled Risk Factors for a more complete discussion of these risks and uncertainties and for other risks and uncertainties. These factors and the other risk factors described in this prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Consequently, we cannot assure you that the actual results or developments we anticipate will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us. Given these uncertainties, we caution prospective investors not to place undue reliance on such forward-looking statements.

TRADEMARKS AND TRADE NAMES

We own or have rights to trademarks, service marks, copyrights and trade names that we use in conjunction with the operation of our business. This prospectus also includes trademarks, service marks and trade names of other companies.

MARKET DATA

Market data used throughout this prospectus, including information relating to our relative position in the industries we operate in, are based on the good faith estimates of management, which estimates are based upon their review of internal surveys, independent industry publications, reports or studies commissioned by companies in our industry (including us or our competitors) and other publicly available information. Although we believe that these sources are reliable, we do not guarantee the accuracy or completeness of this information, and we have not independently verified this information.

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PROSPECTUS SUMMARY

As used in this prospectus, the terms Company, Bio-Rad, we, our, ours, and us refer to Bio-Rad Laboratories, Inc. and its subsidiaries, except in the section Description of Notes and where it is clear that such terms mean only Bio-Rad Laboratories, Inc. or Bio-Rad and its consolidated subsidiaries. The following summary contains basic information about this offering. It likely does not contain all the information that is important to you. For a more complete understanding of this offering, we encourage you to read this entire document and the documents we reference herein. Please refer to the Glossary of Terms section of this prospectus for a description of certain terms used herein.

We will refer to the offering of the private notes as the private offering. Unless indicated otherwise, the term notes refers to both the private notes and the exchange notes.

Investors should carefully consider the information set forth under Risk Factors. In addition, some statements include forward-looking information which involves risks and uncertainties.

Our Company

We are a multinational manufacturer and worldwide distributor of life science research and clinical diagnostics products. Our business is organized into two primary segments, Life Science and Clinical Diagnostics, with the mission to provide scientists with specialized tools needed for biological research and clinical diagnostics.

We believe we are the market leader in many of the product areas in which we compete, selling more than 8,000 products and services to a diverse client base comprised of scientific research, healthcare, industry, education and government customers worldwide. We manufacture and supply our customers with a range of reagents, apparatus and equipment to separate complex chemical and biological materials and to identify, analyze and purify components. Because our customers require replication of results from experiments and test, we estimate that approximately 70% of our revenues are recurring.

We continue to build upon our worldwide reputation for quality, innovative products and well-recognized brand names within our industry. Our reach is global, as we currently provide products and services to approximately 70,000 customers in approximately 130 countries worldwide. For the year ended December 31, 2004, we had net sales of $1.1 billion and net income of $68.2 million.

Our Life Science segment and our Clinical Diagnostics segment generated 46% and 53%, respectively, of our net sales for the year ended December 31, 2004. We generated approximately 34% of our consolidated net sales for the year ended December 31, 2004 from U.S. sales and approximately 66% from sales in our remaining worldwide markets.

In addition to our significant internal focus on the development and commercialization of new products, we have also pursued tactical acquisitions to round out our existing product offerings or enter complementary markets in which we believe we could be a market leader. For

example, our acquisition of Pasteur Sanofi Diagnostics (PSD), in October 1999, gave us access to, among other things, exclusive licenses from the Institut Pasteur in the HIV and infectious disease diagnostic product market as well as the testing technology for mad cow disease. PSD also expanded the geographic reach and market penetration for our products, particularly in Latin America, Africa and France. In order to focus on our core Life Science and Clinical Diagnostics businesses, we have also divested non-core assets. In 2000 and 2001, we sold substantially all of our analytical instruments product lines and in 2004 we sold our confocal microscopy product line.

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Our founders, David and Alice Schwartz, are still actively involved in the Company and have provided continuity of leadership and control since the Company was founded in 1957. Collectively, as of February 25, 2005, the Schwartz family owns approximately 17% of our Class A Common Stock and 89% of our Class B Common Stock.

Life Science Segment

Our Life Science segment is at the forefront of discovery, creating advanced tools for biological exploration, biopharmaceutical production (the production of new medicines) and food supply testing. We are a market leader in this segment, developing, manufacturing and marketing a complete range of more than 5,000 consumables, apparatus and laboratory instruments, many of which are used in established research techniques, biopharmaceutical production processes and food testing regimes. These techniques are typically used to separate, purify and identify biological materials such as proteins, nucleic acids and bacteria within a laboratory or production setting. We focus on selected segments of the life sciences market in proteomics (the study of proteins), genomics (the study of genes), biopharmaceutical production, cell biology and food safety. We estimate that the 2004 worldwide sales of products in these selected segments exceeded $4.0 billion.

We are a leading player in many of the life science markets that we serve. We believe we rank first in sales in the electrophoresis market and that we are second in sales in the image analysis market. In the gene transfer instrumentation market, we have the leading market position based on exclusive rights we possess with respect to key intellectual property. We believe we are the leading supplier of mad cow disease testing.

Our principal life science customers include universities and medical schools, industrial research organizations, government agencies, pharmaceutical manufacturers, biotechnology researchers and food testing laboratories.

Clinical Diagnostics Segment

Our Clinical Diagnostics segment designs, manufactures, sells and supports test systems, informatics systems, test kits and specialized quality controls that serve clinical laboratories in the global diagnostics market. We estimate that the 2004 worldwide sales in this market were approximately $24.0 billion.

We supply more than 3,000 different products covering more than 300 clinical diagnostic tests to the specialty *in vitro* diagnostics (IVD) test market. We estimate that the 2004 worldwide sales in this market were approximately $9.0 billion. IVD tests are conducted outside the body and are used to identify and measure substances in a patient s tissue, blood or urine. Our products consist of reagents, instruments and software, typically provided to our customers as an integrated package to allow them to generate reproducible test results. Revenue in this business is highly recurring, as laboratories typically standardize test methodologies, which are dependent on a particular supplier s reagents and consumable products. An installed base of diagnostic test systems creates an ongoing source of revenue through the sale of test kits for each sample analyzed on an installed system.

Our products currently address specific niches within the specialty IVD test market, and we focus on the higher margin, higher growth segments of this market. We are a significant player in multiple specialty diagnostics segments, and we believe that we have leading market positions in certain areas, including autoimmune disease testing, quality control products, blood virus detection and long-term diabetes monitoring performed in laboratories.

Our principal clinical diagnostic customers include hospital laboratories, reference laboratories, transfusion laboratories, physician office laboratories, newborn screening facilities and insurance and forensic testing laboratories.

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Our Competitive Strengths

We believe Bio-Rad maintains the following competitive strengths:

Leading Market Positions. Our well-recognized name, brands and our reputation for quality and reliability have allowed us to gain what we believe are leading market positions across many of our primary product segments. Our Life Science segment is a leading supplier of high-quality reagents, apparatus and instruments used for electrophoresis, chromatography, imaging and gene transfer applications, as well as mad cow disease tests. Our Clinical Diagnostics segment is a world leader in the supply of diagnostics for autoimmune disease and quality control. As a result of our acquisition of PSD, we became a leader in HIV diagnostics.

Largely Recurring Revenue Base. Historically, we have generated significant recurring revenue through (1) the supply of reagents and other consumables to our life science and clinical diagnostics customers; (2) our leading position in providing quality control systems; and (3) our focus on establishing long-term customer relationships. We believe that 70% of our revenues are considered recurring, primarily in the form of reagents and other consumables.

Significant Cash Flow Generation. Over the last several years, we have generated significant cash flow, allowing us to pay down over time all of our outstanding bank debt.

Diversified Global Customer and Product Base. Our worldwide customer base includes (1) prominent university and research institutions affiliated with more than 100,000 scientists in the U.S. alone; (2) hospital, public health and commercial laboratories; (3) other leading diagnostic manufacturers; and (4) leading companies in the biotechnology, pharmaceutical, chemical and food industries. In 2004, no single customer accounted for more than 2% of our total net sales.

Extensive Worldwide Direct Sales Force and Service Organization. We conduct our worldwide operations through an extensive direct sales force and service network, employing more than 1,000 sales and service people in over 70 countries. Our sales force typically consists of experienced industry practitioners with scientific training, and we maintain a separate specialist sales force for each of our segments. Our direct sales approach contrasts with the distributor approach used by many of our competitors, allowing us to sell a broader range of our products and have more direct contact with our customers.

Long and Successful History of Commercialization. We have a long and successful history of introducing new products developed by our own research programs, and by individuals and entities with a desire to commercialize their research and know-how. We conduct extensive product research and development activities and employ approximately 700 scientists worldwide in these activities. We spent approximately $108.3 million on research and development activities in 2004.

Growth Opportunities. We believe the stable historic growth in research and development expenditures by our core customer base will continue, providing us the opportunity to grow our business. Within our Life Science segment, we believe we are particularly well-positioned to benefit from an expected increase in expenditures within high-growth areas of research such as proteomics, genomics, biopharmaceutical production and food safety. In addition, within our Clinical Diagnostics segment, we are focused on high-growth areas such as quality control systems, informatics and genetic disorders. As a result of our acquisition of PSD, we are among the leaders in infectious disease testing and we anticipate that we will benefit from further growth in this segment.

Highly Experienced Management Team. One of our key strengths is the depth and experience of our management team. Our founders, David and Alice Schwartz, are still actively involved in the Company and have provided continued leadership for over forty-five years. Our officers have extensive industry expertise and average over 15 years of experience with the Company. Members of our management team have gained extensive international exposure by managing our overseas operations and those of other companies.

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Our Business Strategy

Our objective is to continue to grow profitably through the research, development, sales and distribution of commercially useful and innovative products. We intend to continue to sell a diverse product line based on a broad range of technologies and to distribute these products globally. To achieve our objectives, we will:

Leverage Our Expertise, Brand Recognition and High-Quality Reputation to Strengthen Our Leadership Positions. Through our technical expertise and long history serving our markets, we have established recognized brand names and a reputation for high quality, reliable products and services. We believe that this combination provides us the opportunity to strengthen our leading positions in existing markets and to selectively enter related niche markets where we can obtain a leading market position.

Emphasize Recurring Revenues from Sales of Our Consumables. We intend to continue to pursue our strategy of emphasizing recurring revenues. We intend to accomplish this by (1) marketing and selling instruments that include a strong consumable use component and (2) supplying consumable reagents under long-term agreements and subscription or modular software products.

Introduce New Products, Product Enhancements and Applications. Our research and development program, consisting of approximately 700 personnel, is focused on the commercialization of new life science research and diagnostic techniques, especially in the high-growth fields of proteomics, genomics and specialty diagnostics. Both our Life Science and Clinical Diagnostics segments have current initiatives in database development and bio-informatics. In addition to our own research and development, we benefit from our relationships with our customers, such as universities, who provide us with access to a variety of opportunities to commercialize their scientific research. Our partnership with Institut Pasteur provides us with new opportunities in areas of diagnostics and life sciences.

Pursue Tactical Acquisitions. We pursue tactical acquisitions which allow us to expand our product lines on a cost-effective basis. We typically target niche companies with proven technology and established brand names that are complementary to our existing product portfolio in order to fill in or expand markets in which we have already established ourselves as a market leader, or to enter related markets in which we believe we will become a market leader. We are evaluating a number of acquisitions on a preliminary basis, but it is not certain that any of these transactions will advance beyond the preliminary stages or be completed. In addition, we continue to examine our existing businesses with a view to optimizing our growth and profitability objectives, and as a result, we may divest certain non-strategic assets.

Maximize Our Operating Efficiencies. We are constantly evaluating ways to increase our operating efficiencies by reviewing and improving our manufacturing, distribution and administrative processes. In addition, the natural interplay between life science research and commercialization of clinical diagnostics test systems, combined with the proximity in which our scientists in both these segments work, provides us with additional operating efficiencies and business opportunities.

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Recent Developments

BioSource International, Inc.

On April 6, 2005, we submitted a proposal to the Board of Directors of BioSource International, Inc., a broad-based life sciences company, to acquire all of BioSource s outstanding shares for $8.50 per share in cash. We currently own approximately 6.8% of the outstanding shares of BioSource. On April 11, 2005, BioSource announced in a press release that its Board of Directors rejected our acquisition proposal and that it has retained financial and legal advisors to assist BioSource in evaluating strategic alternatives, including a possible sale of BioSource. Although we have not made any further attempts to acquire BioSource, we may do so in the future.

Our principal executive offices are located at 1000 Alfred Nobel Drive, Hercules, California 94547. Our telephone number is (510) 724-7000.

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The Exchange Offer

The Exchange Offer	We are offering to exchange the exchange notes for the outstanding private notes that are properly tendered and accepted. You may tender outstanding private notes only in denominations of $1,000 and multiples of $1,000. We will issue the exchange notes on or promptly after the exchange offer expires. As of the date of this prospectus, $200,000,000 principal amount of private notes is outstanding.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on May 31, 2005, unless extended, in which case the expiration date will mean the latest date and time to which we extend the exchange offer.
Conditions to the Exchange Offer	The exchange offer is not subject to any condition other than that it not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission (SEC). The exchange offer is not conditioned upon any minimum principal amount of private notes being tendered for exchange.
Procedures for Tendering Private Notes	If you wish to tender your private notes for exchange notes pursuant to the exchange offer you must: comply with the Automated Tender Offer Program procedures of The Depository Trust Company (the DTC); and Wells Fargo Bank, National Association, the exchange agent, must receive timely confirmation of a book-entry transfer of the private notes into its account at DTC through DTC s Automated Tender Offer Program pursuant to the procedure for book-entry transfer described herein, along with a properly transmitted agent s message, before the expiration date.

By tendering the private notes pursuant to the exchange offer, you will make the representations to us described under The Exchange Offer Procedures for Tendering.

Acceptance of the Private Notes and Delivery of the Exchange Notes	Subject to the satisfaction or waiver of the conditions to the exchange offer, we will accept for exchange any and all private notes which are validly tendered in the exchange offer and not withdrawn before 5:00 p.m., New York City time, on the expiration date.
Withdrawal Rights	You may withdraw the tender of your private notes at any time before 5:00 p.m., New York City time, on the expiration date, by complying with the procedures for withdrawal described in this prospectus under the heading The Exchange Offer Withdrawal of Tenders.
Material U.S. Federal Tax Considerations	The exchange of notes will not be a taxable event for United States federal income tax purposes. For a discussion of certain federal tax considerations relating to the exchange of notes, see Material U.S. Federal Income Tax Considerations.

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Exchange Agent	Wells Fargo Bank, National Association, the trustee under the indenture governing the notes, is serving as the exchange agent.
Consequences of Failure to Exchange	If you do not exchange your private notes for exchange notes, you will continue to be subject to the restrictions on transfer provided in the private notes and in the indenture governing the private notes. In general, the private notes may not be offered or sold, unless registered under the Securities Act of 1933, as amended (the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently plan to register the private notes under the Securities Act.
Registration Rights Agreement	You are entitled to exchange your private notes for exchange notes with substantially identical terms. This exchange offer satisfies this right. After the exchange offer is completed, you will no longer be entitled to any exchange or registration rights with respect to your private notes.

We explain the exchange offer in greater detail beginning on page 21.

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The Exchange Notes

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Description of Notes section of this prospectus contains a more detailed description of the terms of the exchange notes.

The form and terms of the exchange notes are the same as the form and terms of the private notes, except that the exchange notes will be registered under the Securities Act and, therefore, the exchange notes will not be subject to the transfer restrictions, registration rights and provisions providing for an increase in the interest rate applicable to the private notes. The exchange notes will evidence the same debt as the private notes and are governed by the same indenture as the private notes.

Issuer	Bio-Rad Laboratories, Inc.
Notes Offered	$200.0 million aggregate principal amount of 6.125% Senior Subordinated Notes due 2014.
Maturity Date	December 15, 2014.
Interest Payment Dates	June 15 and December 15 of each year, commencing June 15, 2005.
Optional Redemption	We may redeem all or a portion of the notes prior to December 15, 2009 at a price equal to 100% of the principal amount of the notes plus a make-whole premium as set forth in the Description of Notes Redemption Optional Redemption. In addition, we may redeem the notes, in whole or in part, at our option at any time on or after December 15, 2009 at the redemption prices listed in the Description of Notes Redemption Optional Redemption.

On or before December 15, 2007, we may, at our option and subject to certain requirements, use the net proceeds from one or more qualified equity offerings to redeem up to 35% of the original aggregate principal amount of the notes at 106.125% of the principal amount of the notes, plus accrued and unpaid interest. See Description of Notes Redemption Optional Redemption.

Sinking Fund	None.
Subordination	The notes rank junior to all of our existing and future senior indebtedness, rank *pari passu* with our existing and future senior subordinated indebtedness, and rank senior to our existing and future indebtedness that is expressly subordinated to the notes. See Description of Notes Subordination.

As of December 31, 2004, the notes were not subordinated in right of payment to any of our outstanding indebtedness.

Future Guarantees

The indenture governing the notes requires all of our existing and future domestic subsidiaries (other than immaterial domestic subsidiaries, as defined for purposes of the guarantee provisions of

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	the indenture) to guarantee the notes on a senior subordinated basis. As of the date of the issuance of the private notes, all of our domestic subsidiaries were immaterial subsidiaries. As a result, the notes are not currently guaranteed by any of our subsidiaries. Our foreign subsidiaries will not be required to guarantee the notes. For more details, see the section Description of Notes under the heading Certain Covenants Future Guarantors.
Change of Control	If we experience a change of control, we may be required to make an offer to purchase the notes at 101% of their principal amount, plus accrued and unpaid interest. See Description of Notes Certain Covenants Repurchase of Notes at the Option of the Holder Upon a Change of Control.
Certain Covenants	The indenture governing the notes contains certain covenants that, among other things, limit our ability and the ability of some of our subsidiaries to:

- incur additional debt;
- create liens;
- make investments;
- enter into transactions with affiliates;
- sell assets;
- in the case of some of our subsidiaries, guarantee debt;
- incur debt that is expressly senior to the notes and subordinate to any of our other debt;
- declare or pay dividends, redeem stock or make other distributions to shareholders; and
- consolidate or merge.

These covenants are subject to a number of important qualifications and limitations. See Description of Notes.

During any period in which the notes are assigned investment grade ratings from both Standard & Poor s Rating Service and Moody s Investors Service, Inc., and no event of default (as defined for purposes of the indenture) has occurred and is continuing, some of the covenants described above will not apply. If either ratings agency subsequently assign a non-investment grade rating to the notes, the covenants will again apply.

Use of Proceeds	We will not receive any cash proceeds from the exchange offer.

We explain the exchange notes in greater detail beginning on page 57.

Risk Factors

You should carefully consider all of the information in this prospectus. In particular, for a discussion of some specific factors that you should consider before tendering your private notes for exchange notes, see Risk Factors beginning on page 12.

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Summary Consolidated Financial and Other Data

(in thousands, except per share data)

The summary consolidated income statement data and balance sheet data presented below for the years ended December 31, 2004, 2003 and 2002 and as of December 31, 2004 and 2003, are derived from Bio-Rad s consolidated financial statements, audited by an independent registered public accounting firm, included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2002 was derived from Bio-Rad s consolidated balance sheet, audited by an independent registered public accounting firm. The summary consolidated income statement data and balance sheet data for the years ended December 31, 2001 and 2000 and as of December 31, 2001 and 2000, are derived from unaudited financial statements. The following information should be read in conjunction with the section Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements included in this prospectus.

	Year Ended December 31,				
	2004	2003	2002	2001	2000
Income Statement Data:					
Net sales	$ 1,090,012	$ 979,631	$ 865,006	$ 789,639	$ 700,664
Cost of goods sold	479,939	423,401	365,451	345,964	333,092
Gross profit	610,073	556,230	499,555	443,675	367,572
Selling, general and administrative expense	378,264	317,524	281,579	257,684	238,947
Product research and development expense	108,344	91,273	79,788	73,922	65,742
Purchased in-process research and development expense	14,620				
Goodwill amortization				7,746	8,109
Loss (gain) on divestitures				5,150	(21,845)
Interest expense	20,219	31,006	28,207	24,088	30,612
Foreign exchange losses	2,394	4,080	5,441	2,097	420
Other (income) expense, net(1)	(11,095)	(3,012)	(678)	10,031	689
Income from continuing operations before taxes and cumulative effect of change in accounting principle	97,327	115,359	105,218	62,957	44,898
Provision for income taxes	(31,035)	(38,055)	(36,692)	(20,132)	(13,423)
Income from continuing operations before cumulative effect of change in accounting principle	66,292	77,304	68,526	42,825	31,475
Cumulative effect of change in accounting principle(2)					(710)
Income from continuing operations	66,292	77,304	68,526	42,825	30,765
Discontinued operations					
Gain (loss) from discontinued operations (net of tax)	(1,487)	(1,133)	(663)	1,354	335
Gain on divestiture (net of tax)	3,437				
Total income (loss) from discontinued operations	1,950	(1,133)	(663)	1,354	335
Net income	$ 68,242	$ 76,171	$ 67,863	$ 44,179	$ 31,100
Diluted earnings per share:	$ 2.58	$ 2.90	$ 2.61	$ 1.74	$ 1.27
Cash dividends paid per common share					

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	Year Ended December 31,				
	2004	2003	2002	2001	2000
Other Financial Data:					
Depreciation and amortization	$ 55,472	$ 42,009	$ 38,033	$ 41,312	$ 43,309
Capital expenditures, net	$ 60,493	$ 69,003	$ 42,224	$ 43,228	$ 31,406
Ratio of earnings to fixed charges(3)	4.5x	4.0x	4.0x	3.2x	2.3x
Balance Sheet Data (at period end):					
Cash	$ 195,734	$ 65,395	$ 27,733	$ 47,129	$ 13,954
Total assets	1,392,002	992,596	720,703	684,028	646,278
Long-term debt, net of current maturities	425,979	225,835	105,768	188,423	203,360
Total debt	435,436	236,258	113,254	198,354	221,506
Stockholders equity	596,888	495,807	383,087	283,877	244,618

(1) See Note 11 to the Consolidated Financial Statements for components of Other (income) expense, net. Included in 2001 is a $9.4 million writedown of an investment.

(2) Cumulative effect of accounting change per SEC Staff Accounting Bulletin 101, on Revenue Recognition.

(3) For purposes of calculating this ratio, earnings have been computed by adding to pre-tax earnings the fixed charges. Fixed charges include interest, amortization of debt premium/discount and expense and a portion of rental expense deemed to be representative of the interest factor.

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RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus before making a decision to tender your private notes in the exchange offer. The risk factors set forth below are generally applicable to the private notes as well as the exchange notes. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently deem to be immaterial may also materially and adversely affect our business, financial condition or results of operations.

Risks Related to Our Business

The industries and market segments in which we operate are highly competitive, and we may not be able to compete effectively with larger companies with greater financial resources than we have.

The life science and clinical diagnostics markets are each highly competitive. Some of our competitors have greater financial resources than we do and are less leveraged than we are, making them better equipped to license technologies and intellectual property from third parties or to fund research and development, manufacturing and marketing efforts. Moreover, competitive and regulatory conditions in many markets in which we operate restrict our ability to fully recover through price increases higher costs of acquired goods and services resulting from inflation and other drivers of cost increases. Our competitors can be expected to continue to improve the design and performance of their products and to introduce new products with competitive price and performance characteristics. Although we believe that we have certain technological and other advantages over our competitors, maintaining these advantages will require us to continue to invest in research and development, sales and marketing and customer service and support. We cannot assure you that we will have sufficient resources to continue to make such investments or that we will be successful in maintaining such advantages. For more details, see the section Business Competition.

We have significant international operations which subject us to various foreign risks such as general economic and market conditions in the countries in which we operate.

A significant portion of our sales are made outside of the United States. Our foreign subsidiaries generated 66% of our net sales in the year ended December 31, 2004. Our international operations are subject to risks common to foreign operations, such as general economic and market conditions in the countries in which we operate, changes in governmental regulations, political instability, import restrictions and currency exchange rate risks. Although we enter into forward foreign exchange contracts to hedge against future movements in foreign exchange rates that affect our intercompany receivables and payables denominated in foreign currencies, we cannot assure you that shifts in currency exchange rates, especially significant strengthening of the U.S. dollar compared to the Euro, will not have a material adverse effect on our operating results and financial condition.

We are dependent on government funding and the capital spending policies of our customers, and the effect of potential healthcare reform on government funding and our customers ability to purchase our products is uncertain.

Our customers include universities, clinical diagnostics laboratories, government agencies, hospitals and pharmaceutical, biotechnology and chemical companies. The capital spending policies of these institutions and companies have a significant effect on the demand for our products. Such policies are based on a wide variety of factors, including the resources available to make such purchases, the availability of funding from grants by governments or government agencies, the spending priorities among various types of equipment and the policies regarding capital

expenditures during industry downturns or recessionary periods. If government funding to our customers were to decrease, or if our customers were to decrease or reallocate in a manner adverse to us their capital spending budgets, our business, financial condition or results of operations could be materially adversely affected.

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Healthcare reform and the growth of managed care organizations have been and continue to be significant factors in the clinical diagnostics market. The trend towards managed care, together with efforts to reform the healthcare delivery system in the U.S. and Europe, has resulted in increased pressure on healthcare providers and other participants in the healthcare industry to reduce costs. Consolidation among healthcare providers has resulted in fewer, more powerful groups, whose purchasing power gives them cost containment leverage. These competitive forces place constraints on the levels of overall pricing, and thus could have a material adverse effect on our profit margins for products we sell in clinical diagnostics markets. To the extent that the healthcare industry seeks to address the need to contain costs by limiting the number of clinical tests being performed, our results of operations could be materially and adversely affected. If these changes in the United States and European healthcare markets continue, we could be forced to alter our approach in selling, marketing, distributing and servicing our products. For more details, see the section Business Regulatory Matters.

We derive a significant portion of our profits from our tests for mad cow disease.

A significant portion of our revenues and profits derive from the sale of our tests for Bovine Spongiform Encephalopathy (BSE or mad cow disease). We believe that there are only three other competitors that offer BSE tests approved by regulatory authorities in Europe and Japan. However, our BSE tests have limited patent protection. Should a competitor successfully produce a competing product and obtain regulatory approval for such competing product (which we estimate would take approximately 18 months to two years to obtain), we may have to lower prices for or reduce sales of our BSE tests. Further, government subsidies have supported purchases by our customers of BSE tests. If governments in our key markets cease or substantially reduce the subsidies provided, we may have to lower prices for or reduce sales of our BSE tests. Finally, if the threat to world food supply from BSE was materially reduced, either through eradication of BSE or otherwise, sales of BSE tests would materially decline. If any of these events were to occur, it could have a material negative impact on our financial condition or results of operations.

Our failure to improve our product offerings and develop and introduce new products may negatively impact our business.

Our future success depends on our ability to continue to improve our product offerings and develop and introduce new product lines and extensions that integrate new technological advances. If we are unable to integrate technological advances into our product offerings or to design, develop, manufacture and market new product lines and extensions successfully and in a timely manner, our operating results will be adversely affected. While we expect to continue to invest in research and development for all of our market segments, we cannot assure you that our product and process development efforts will be successful or that new products we introduce will achieve market acceptance.

If we experience a disruption of our information technology systems, or if we fail to successfully manage and integrate our information technology and reporting systems, it could harm our business.

Our information technology (IT) systems are an integral part of our business, and a serious disruption of our IT systems could have a material adverse effect on our business and results of operations. We depend on our IT systems to process orders and manage inventory and accounts receivable collections. Our IT systems also allow us to efficiently purchase products from our suppliers and ship products to our customers on a timely basis, maintain cost-effective operations and provide customer service. While we have contingency plans in place in case of an emergency, we cannot assure you that the plans will allow us to operate at our current level of efficiency.

Our ability to implement our business plan in a rapidly evolving market requires an effective planning, reporting and management process. We expect that we will need to continue to improve and further integrate our IT systems, reporting systems and procedures and train and educate our employees with respect to these improvements and integrations on an ongoing basis in order to effectively run our business. If we fail to

successfully manage and integrate our IT and reporting systems, it could adversely affect our business or operating results.

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Risks relating to intellectual property rights may negatively impact our business.

We rely on a combination of copyright, trade secret, patent and trademark laws and third-party nondisclosure agreements to protect our intellectual property rights and products. However, we cannot assure you that our intellectual property rights will not be challenged, invalidated, circumvented or rendered unenforceable, or that meaningful protection or adequate remedies will be available to us. For instance, it may be possible for unauthorized third parties to copy our intellectual property, to reverse engineer or obtain and use information that we regard as proprietary, or to develop equivalent technologies independently. Additionally, third parties may assert exclusive patent, copyright and other intellectual property rights to technologies that are important to us. If we are unable to license or otherwise access protected technology used in our products, or if we lose our rights under any existing licenses, we could be prohibited from manufacturing and marketing such products. We may find it necessary to enforce our patents or other intellectual property rights or to defend ourselves against claimed infringement of the rights of others through litigation, which could result in substantial costs to us and divert our resources. We also could incur substantial costs to redesign our products, to defend any legal action taken against us or to pay damages to an infringed party. The foregoing matters could adversely impact our business.

We are subject to substantial government regulation.

Some of our products (primarily diagnostic products), production processes and our marketing are subject to federal, state, local and foreign regulation, including the U.S. Food and Drug Administration (FDA) and its foreign counterparts. We are also subject to government regulation of the use and handling of a number of materials and controlled substances. Failure to comply with present or future regulations could result in substantial liability to us, suspension or cessation of our operations, restrictions on our ability to expand at our present locations or require us to make significant capital expenditures or incur other significant expenses.

We are currently subject to environmental regulations and enforcement proceedings.

Our operations are subject to federal, state, local and foreign environmental laws and regulations that govern such activities as emissions to air and discharges to water, as well as handling and disposal practices for solid, hazardous and medical wastes. In addition to environmental laws that regulate our operations, we are also subject to environmental laws and regulations that create liability and clean-up responsibility for spills, disposals or other releases of hazardous substances into the environment as a result of our operations or otherwise impacting real property that we own or operate. The environmental laws and regulations also subject us to claims by third parties for damages resulting from any spills, disposals or releases resulting from our operations or at any of our properties.

We will in the future incur capital and operating costs to comply with currently existing laws and regulations, and possible new statutory enactments, and these expenditures may be significant. We have incurred, and may in the future incur, fines related to environmental matters and liability for costs or damages related to spills or other releases of hazardous substances into the environment at sites where we have operated, or at off-site locations where we have sent hazardous substances for disposal. In that regard, we currently are investigating soil and groundwater contamination at one of our properties under the oversight of a state agency. Based on the currently available information, we believe that the costs to clean up this contamination will not have a material adverse effect on the future results of our operations or our financial condition. We can provide no assurance, however, that such matters or any future obligations to comply with environmental laws and regulations will not have a material impact on our operations or financial condition.

We have not designated a specific use for a significant portion of the proceeds from the offering of the private notes.

We received approximately $197 million in net proceeds from the offering of the private notes that we may use for general corporate purposes, including, among other things, acquisitions. As part of our overall business strategy, we pursue acquisitions of and investments in complementary companies, products and technologies. We

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are evaluating a number of acquisitions on a preliminary basis, but it is not certain that any of these transactions will advance beyond the preliminary stages or be completed. As a result, holders of the notes face the possibility that we might ultimately have a risk profile which differs materially from that which we have now. Holders will not have the opportunity to reassess their investment in the notes prior to our engaging in such transactions. See Use of Proceeds.

We may not be able to integrate acquired companies, products or technologies into our company successfully.

As part of our overall business strategy, we pursue acquisitions of and investments in complementary companies, products and technologies. In order to be successful in these activities, we must, among other things:

- assimilate the operations and personnel of acquired companies;
- minimize potential disruption to our ongoing business;
- retain key technical and management personnel;
- integrate acquired companies into our strategic and financial plans;
- accurately assess the value of target companies, products and technologies;
- harmonize standards, controls, procedures and policies; and
- minimize the impairment of our relationships with our employees and customers.

The benefits of any acquisition may prove to be less than anticipated and may not outweigh the costs reported in our financial statements. Completing any potential future acquisition could cause significant diversion of our management s time and resources. If we acquire new companies, products or technologies, we may be required to assume contingent liabilities and record impairment charges for goodwill and other intangible assets over time. We cannot assure you that we will successfully overcome these risks or any other problems we encounter in connection with any acquisitions, and any such acquisitions could adversely affect our business, financial position or operating results.

Loss of key personnel could hurt our business.

Our products and services are highly technical in nature. In general, only highly qualified and trained scientists have the necessary skills to develop and market our products and provide our services. In addition, some of our manufacturing positions are highly technical. We face intense competition for these professionals from our competitors, customers, marketing partners and other companies throughout our industry. We generally do not enter into employment agreements requiring these employees to continue in our employment for any period of time. Any failure on our part to hire, train and retain a sufficient number of qualified personnel could seriously damage our business. Additionally, if we

were to lose a sufficient number of our research and development scientists and were unable to replace them or satisfy our needs for research and development through outsourcing, it could adversely affect our business.

A significant majority of our voting stock is held by the Schwartz family, which could lead to conflicts of interest.

We have two classes of voting stock, Class A Common Stock and Class B Common Stock. With a few exceptions, holders of Class A and Class B Common Stock vote as a single class. When voting as a single class, each share of Class A Common Stock is entitled to one-tenth of a vote, while each share of Class B Common Stock has one vote. In the election or removal of directors, the classes vote separately and the holders of Class A Common Stock are entitled to elect 25% of the Board of Directors, with holders of Class B Common Stock electing the remaining directors.

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As of February 25, 2005 the Schwartz family collectively held approximately 17% of our Class A Common Stock and 89% of our Class B Common Stock. As a result, the Schwartz family is able to elect a majority of the directors, effect fundamental changes in our direction and control matters affecting us, including the allocation of business opportunities that may be suitable for our company. In addition, this concentration of ownership and voting power may have the effect of delaying or preventing a change in control of our company.

The Schwartz family may exercise its control over us according to interests that are different from your interests as a holder of the notes. For example, the Schwartz family could pursue transactions that in its judgment enhance the value of the Schwartz family s equity investment that involve risks to holders of the notes.

Our former use of Arthur Andersen LLP as our independent public accountants will limit your ability to seek recovery from them related to their work.

Our selected financial information for 2001 and 2000 are derived from our financial statements that are unaudited. Our original financial statements for 2001 and 2000 were audited by Arthur Andersen LLP, independent certified public accountants, which was convicted in June 2002 of federal obstruction of justice charges in connection with its destruction of documents related to Enron Corp. As a result of Arthur Andersen s conviction, Arthur Andersen is no longer in a position to reissue or restate their audit reports or provide consents to include financial information reported on by them in this prospectus. As a result, holders of our notes may have no effective remedy against Arthur Andersen in connection with material misstatements or omissions, if any, in such financial information included in this prospectus.

Our business could be adversely impacted if we have deficiencies in our disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While management continues to review the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we can not assure you that our disclosure controls and procedures over internal control of financial reporting will be effective in accomplishing all control objectives all of the time. Deficiencies, particularly a material weakness in internal control over financial reporting, which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our stock price, or otherwise materially adversely affect our business, reputation, results of operation, financial condition or liquidity.

Terrorist attacks or acts of war may cause damage or disruption to us and our employees, facilities, information systems, security systems, vendors and customers, which could significantly impact our net sales, costs and expenses, and financial condition.

Terrorist attacks, such as those that occurred on September 11, 2001, have contributed to economic instability in the United States, and further acts of terrorism, bioterrorism, violence or war could affect the markets in which we operate, our business operations, our expectations and other forward-looking statements contained or incorporated in this prospectus.

The threat of terrorist attacks in the United States since September 11, 2001 continues to create many economic and political uncertainties. The potential for future terrorist attacks, the United States and international responses to terrorist attacks, and other acts of war or hostility, including the war in Iraq, may cause greater uncertainty and cause our business to suffer in ways that we cannot currently predict. Events such as those

referred to above could cause or contribute to a general decline in investment valuations, which in turn could reduce the market value of your investment in the notes. In addition, terrorist attacks, particularly acts of bioterrorism that directly impact our physical facilities or those of our suppliers or customers could have an impact on our sales, supply chain, production capability and costs and our ability to deliver our products to our customers.

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Risks Related to Our Indebtedness

We have substantial debt and have the ability to incur additional debt. The principal and interest payment obligations of such debt may restrict our future operations and impair our ability to meet our obligations under the notes.

As of December 31, 2004, we and our subsidiaries had approximately $435.4 million of outstanding indebtedness. In addition, the indenture governing the notes permits us to incur additional debt provided we comply with the limitation on the incurrence of additional indebtedness and disqualified capital stock covenant contained in the indenture. See Description of Notes.

The following chart shows certain important credit statistics as of December 31, 2004.

	At December 31, 2004
	(in thousands)
Total debt	$ 435,436
Stockholders equity	$ 596,888
Debt to equity ratio	0.7

The incurrence of substantial amounts of debt may have important consequences to you. For instance, it could:

- make it more difficult for us to satisfy our financial obligations, including those relating to the notes;
- require us to dedicate a substantial portion of our cash flow from operations to the payment of interest and principal due under our debt, including the notes, which will reduce funds available for other business purposes;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate;
- place us at a competitive disadvantage compared with some of our competitors that have less debt; and
- limit our ability to obtain additional financing required to fund working capital and capital expenditures and for other general corporate purposes.

Our ability to satisfy our obligations and to reduce our total debt depends on our future operating performance and on economic, financial, competitive and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow, and future financings may not be available to provide sufficient net proceeds, to meet these obligations or to successfully execute our business strategy.

The agreements governing the notes and our other debt impose restrictions on our business.

The indenture governing the notes and our other debt instruments, including without limitation our credit facilities and other agreements we may enter in the future, contain or will contain covenants imposing significant restrictions on our business. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions on our ability to, among other things:

incur additional debt;

create liens;

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make investments;

enter into transactions with affiliates;

sell assets;

in the case of some of our subsidiaries, guarantee debt;

declare or pay dividends, redeem stock or make other distributions to shareholders; and

consolidate or merge.

Our existing credit facility also requires that we meet certain financial tests and maintain certain financial ratios, including a maximum consolidated leverage ratio test, minimum consolidated interest coverage ratio test and a minimum net worth test. See Description of Certain Indebtedness and Description of Notes.

Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any of these restrictions could result in a default under the indenture governing the notes. An event of default under our debt agreements would permit some of our lenders to declare all amounts borrowed from them to be due and payable, together with accrued and unpaid interest. If we were unable to repay debt to our senior secured lenders, these lenders could proceed against the collateral securing that debt. In addition, acceleration of our other indebtedness may cause us to be unable to make interest payments on the notes and repay the principal amount of the notes or may cause the future subsidiary guarantors, if any, to be unable to make payments under the guarantees.

Risks Related to the Notes

If you do not exchange your notes pursuant to this exchange, you may never be able to sell your notes.

It may be difficult for your to sell notes that are not exchanged in the exchange offer. Those notes may not be offered or sold unless they are registered and there are exemptions from the registration requirements under the Securities Act and applicable state securities laws.

If you do not tender your private notes or if we do not accept some of your private notes, those notes will continue to be subject to the transfer and exchange restrictions in:

the indenture;

the legend on the private notes; and

the offering circular relating to the private notes.

The restrictions on transfer of your private notes arise because we issued the private notes pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the private notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold pursuant to an exemption from such requirements. We do not intend to register the private notes under the Securities Act. To the extent private notes are tendered and accepted in the exchange offer, the trading market, if any, for the private notes would be adversely affected.

The notes are unsecured and subordinated to our senior debt.

The notes rank junior in right of payment to all of our existing and future senior debt. Our senior debt includes all debt that is not expressly subordinated to or ranked *pari passu* with the notes, subject to certain exceptions. The indenture governing the notes requires all of our existing and future domestic subsidiaries (other than immaterial domestic subsidiaries, as defined for purposes of the guarantee provisions of the

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indenture) to guarantee the notes on a senior subordinated basis. As of the date of the issuance of the private notes, all of our domestic subsidiaries were immaterial subsidiaries. As a result, the notes are not currently guaranteed by any of our subsidiaries. Our foreign subsidiaries will not be required to guarantee the notes. Any such future guarantees, if any, will be subordinated to all existing and future obligations and liabilities of the guarantors that rank senior to the guarantees. In addition, the notes will not be secured by any of our assets or any assets of our subsidiaries. As a result, the notes will be effectively subordinated to all of our and our subsidiaries secured indebtedness to the extent of the value of the assets securing such indebtedness. As of December 31, 2004, we had no senior debt outstanding.

In addition, the notes will be effectively subordinated to all existing and future indebtedness of our subsidiaries that are not guarantors, which, as of December 31, 2004 was $9.1 million.

You may not be fully repaid on your notes if we or any future guarantor are declared bankrupt, become insolvent, are liquidated or reorganized, default on payment under senior debt or commit a default causing the acceleration of the maturity of our debt. In such a case, holders of any debt that ranks senior to the notes will be entitled to be paid in full from our assets and the assets of our subsidiaries before any payment may be made with respect to the notes or the guarantees. As a result, we may not have sufficient assets to fully repay the notes. An event of default under our senior debt also may prohibit us and any future guarantors of the notes from paying the obligations under the notes or the guarantees.

Our ability to repay the notes and other debt depends in part on cash flow from our subsidiaries.

Substantially all of our active subsidiaries operate overseas. Our foreign subsidiaries generated approximately 66% of our net sales in the year ended December 31, 2004, and held approximately 34% of our consolidated assets as of December 31, 2004. Consequently, we depend in part on distributions or other intercompany transfers of funds from our subsidiaries to meet our debt service and other obligations, including with respect to the notes. Our subsidiaries are not obligated to make funds available to us for payment on the notes, so long as they do not become guarantors. In addition, distributions and intercompany transfers to us from our subsidiaries will depend on:

- their earnings;
- covenants contained in their debt agreements;
- covenants contained in other agreements to which our subsidiaries are or may become subject;
- business and tax considerations; and
- applicable law.

We cannot assure you that the operating results of our subsidiaries at any given time will be sufficient to make distributions or other payments to us and that these distributions and/or payments will be adequate to pay principal and interest on the notes when due. In addition, our rights and the rights of our creditors, including holders of the notes, to participate in the assets of any of our subsidiaries that are not guarantors upon their liquidation or recapitalization will generally be subject to the prior claims of the subsidiaries creditors.

Our existing credit facility grants to the lenders security interests in the capital stock of certain of our subsidiaries. As a result, if an event of default occurs under our credit facility, the lenders would be able to exercise certain remedies with respect to that capital stock which would have the effect of giving the lenders control over those subsidiaries and their assets.

We may be unable to purchase the notes upon a change in control.

Upon the occurrence of a change of control, as defined in the indenture governing the notes, we will be required to offer to purchase the notes in cash at a price equal to 101% of the principal amount of the notes, plus

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accrued interest and unpaid liquidated damages, if any. A change in control may constitute an event of default and may trigger similar rights under our other indebtedness, including the Existing Notes, then outstanding. In the event of a change in control, we may not have sufficient funds to purchase all of the notes, the Existing Notes and to repay the amounts outstanding under our credit facilities or other indebtedness. Further, payment of the purchase price of the notes will be subordinated to the prior payment of our senior indebtedness.

There is no public market for the notes, and we cannot be sure that a market for the notes will develop.

The exchange notes are a new issue of securities for which there is no active trading market. The initial purchaser of the private notes has advised us that they presently intend to make a market in the exchange notes as permitted by applicable law. The initial purchaser is not obligated, however, to make a market in the exchange notes and any such market-making may be discontinued at any time at the sole discretion of the initial purchaser. In addition, the liquidity of the trading market in the notes and the market prices quoted for the notes may be adversely affected by changes in the overall market for high-yield securities. As a result, you cannot be sure that an active trading market will develop for the exchange notes.

Volatile trading prices may require you to hold the notes for an indefinite period of time.

If a market develops for the exchange notes, the exchange notes might trade at prices higher or lower than the initial offering price of the private notes. The trading price would depend on many factors, such as prevailing interest rates, the market for similar securities, general economic conditions and our financial condition, performance and prospects. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial fluctuation in the prices of these securities. The market for the exchange notes may be subject to such disruptions, which could have an adverse effect on the price of the exchange notes. You should be aware that you may be required to bear the financial risk of an investment in the notes for an indefinite period of time.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

We issued $200.0 million of the private notes on December 21, 2004 to Credit Suisse First Boston LLC, the initial purchaser, pursuant to a purchase agreement. The initial purchaser subsequently sold the private notes to qualified institutional buyers, as defined in Rule 144A under the Securities Act, in reliance on Rule 144A, and outside the United States under Regulation S of the Securities Act. As a condition to the sale of the private notes, we entered into a registration rights agreement with the initial purchaser on December 21, 2004. Pursuant to the registration rights agreement, we agreed that we would:

(1) file an exchange offer registration statement with the SEC on or prior to June 19, 2005;

(2) use our reasonable best efforts to have the exchange offer registration statement declared effective by the SEC on or prior to September 17, 2005;

(3) keep the exchange offer open for a period of not less than the minimum period required under applicable law, but in no event for less than 20 business days; and

(4) consummate the exchange offer within 45 days after the exchange offer registration statement is declared effective.

Upon the effectiveness of the exchange offer registration statement, we will offer the exchange notes in exchange for the private notes. A copy of the registration rights agreement is filed as an exhibit to the registration statement of which this prospectus forms a part.

Resale of the Exchange Notes

Based upon an interpretation by the staff of the SEC contained in no-action letters issued to third parties, we believe that you may exchange private notes for exchange notes in the ordinary course of business. For further information on the SEC s position, see *Exxon Capital Holdings Corporation,* available May 13, 1988, *Morgan Stanley & Co. Incorporated,* available June 5, 1991 and *Shearman & Sterling,* available July 2, 1993, and other interpretive letters to similar effect. You will be allowed to resell exchange notes to the public without further registration under the Securities Act and without delivering to purchasers of the exchange notes a prospectus that satisfies the requirements of Section 10 of the Securities Act so long as you do not participate, do not intend to participate, and have no arrangement with any person to participate, in a distribution of the exchange notes. However, the foregoing does not apply to you if you are: a broker-dealer who purchased the exchange notes directly from us to resell pursuant to Rule 144A or any other available exemption under the Securities Act; or you are an affiliate of ours within the meaning of Rule 405 under the Securities Act.

In addition, if you are a broker-dealer, or you acquire exchange notes in the exchange offer for the purpose of distributing or participating in the distribution of the exchange notes, you cannot rely on the position of the staff of the SEC contained in the no-action letters mentioned above and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction, unless an exemption from registration is otherwise available.

Each broker-dealer that receives exchange notes for its own account in exchange for private notes, which the broker-dealer acquired as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. By delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of exchange notes received in exchange for private notes which the brokerdealer acquired as a result of market-making or other trading activities.

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Terms of the Exchange Offer

Upon the terms and subject to the conditions described in this prospectus, we will accept any and all private notes validly tendered and not withdrawn before the expiration date. We will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of outstanding private notes surrendered pursuant to the exchange offer. You may tender private notes only in integral multiples of $1,000.

The form and terms of the exchange notes are the same as the form and terms of the private notes except that:

- we will register the exchange notes under the Securities Act and, therefore, the exchange notes will not bear legends restricting their transfer; and
- holders of the exchange notes will not be entitled to any of the rights of holders of private notes under the registration rights agreement, which rights will terminate upon the completion of the exchange offer.

The exchange notes will evidence the same debt as the private notes and will be issued under the same indenture, so the exchange notes and the private notes will be treated as a single class of debt securities under the indenture.

As of the date of this prospectus, $200,000,000 in aggregate principal amount of the private notes are outstanding and registered in the name of Cede & Co., as nominee for DTC. Only registered holders of the private notes, or their legal representative or attorney-in-fact, as reflected on the records of the trustee under the indenture, may participate in the exchange offer. We will not set a fixed record date for determining registered holders of the private notes entitled to participate in the exchange offer.

You do not have any appraisal or dissenters rights under the indenture in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement and the applicable requirements of the Securities Act, the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC.

We will be deemed to have accepted validly tendered private notes when, as and if we had given oral or written notice of acceptance to the exchange agent. The exchange agent will act as your agent for the purposes of receiving the exchange notes from us.

If you tender private notes in the exchange offer you will not be required to pay brokerage commissions or fees or transfer taxes with respect to the exchange of private notes pursuant to the exchange offer. We will pay all charges and expenses, other than the applicable taxes described below, in connection with the exchange offer.

Expiration Date; Extensions; Amendments

The term expiration date will mean 5:00 p.m., New York City time on May 31, 2005, unless we, in our sole discretion, extend the exchange offer, in which case the term expiration date will mean the latest date and time to which we extend the exchange offer.

To extend the exchange offer, we will:

- notify the exchange agent of any extension orally or in writing; and
- mail to each registered holder an announcement that will include disclosure of the approximate number of private notes deposited to date,

each before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

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We reserve the right, in our reasonable discretion:

to delay accepting any private notes:

to extend the exchange offer; or

if any conditions listed below under Conditions are not satisfied, to terminate the exchange offer by giving oral or written notice of the delay, extension or termination to the exchange agent.

We will follow any delay in acceptance, extension or termination as promptly as practicable by oral or written notice to the registered holders. If we amend the exchange offer in a manner we determine constitutes a material change, we will promptly disclose the amendment in a prospectus supplement that we will distribute to the registered holders. We will also extend the exchange offer for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure, if the exchange offer would otherwise expire during the five to ten business day period.

Interest on the Exchange Notes

The exchange notes will bear interest at the same rate and on the same terms as the private notes. Consequently, the exchange notes will bear interest at a rate equal to 6.125% per annum (calculated using a 360-day year). Interest will be payable semi-annually on each June 15 and December 15, commencing June 15, 2005.

You will receive interest on June 15, 2005 from the date of initial issuance of the exchange notes, plus an amount equal to the accrued interest on the private notes from December 21, 2004 to the date of exchange. We will deem the right to receive any interest accrued on the private notes waived by you if we accept your private notes for exchange.

Procedures for Tendering

If you are a DTC participant that has private notes which are credited to your DTC account by book-entry and which are held of record by DTC, you may tender your private notes by book-entry transfer as if you were the record holder. Because of this, references herein to registered or record holders include DTC participants with private notes credited to their accounts. If you are not a DTC participant, you may tender your private notes by book-entry transfer by contacting your broker, dealer or other nominee or by opening an account with a DTC participant.

To tender private notes in the exchange offer, you must:

comply with DTC s Automated Tender Offer Program (ATOP) procedures described below; and

the exchange agent must receive a timely confirmation of a book-entry transfer of the private notes into its account at DTC through ATOP pursuant to the procedure for book-entry transfer described below, along with a properly transmitted agent s message, before the expiration date.

Participants in DTC s ATOP program must electronically transmit their acceptance of the exchange by causing DTC to transfer the private notes to the exchange agent in accordance with DTC s ATOP procedures for transfer. DTC will then send an agent s message to the exchange agent. The term agent s message means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, which states that:

DTC has received an express acknowledgment from a participant in its ATOP that is tendering private notes that are the subject of the book-entry confirmation;

the participant has received and agrees to be bound by the terms and subject to the conditions set forth in this prospectus; and

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the Company may enforce the agreement against such participant.

Your tender, if not withdrawn before the expiration date, will constitute an agreement between you and us in accordance with the terms and subject to the conditions described in this prospectus.

We will determine in our sole discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered private notes, which determination will be final and binding. We reserve the absolute right to reject any and all private notes not properly tendered or any private notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular private notes. Our interpretation of the terms and conditions of the exchange offer will be final and binding on all parties. Unless waived, you must cure any defects or irregularities in connection with tenders of private notes within the time we determine. Although we intend to notify you of defects or irregularities with respect to tenders of private notes, neither we, the exchange agent nor any other person will incur any liability for failure to give you that notification. Unless waived, we will not deem tenders of private notes to have been made until you cure the defects or irregularities.

While we have no present plan to acquire any private notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any private notes that are not tendered in the exchange offer, we reserve the right in our sole discretion to purchase or make offers for any private notes that remain outstanding after the expiration date. We also reserve the right to terminate the exchange offer, as described below under Conditions, and, to the extent permitted by applicable law, purchase private notes in the open market, in privately negotiated transactions or otherwise. The terms of any of those purchases or offers could differ from the terms of the exchange offer.

If you wish to tender private notes in exchange for exchange notes in the exchange offer, we will require you to represent that:

you are not an affiliate of ours;

you will acquire any exchange notes in the ordinary course of your business; and

at the time of completion of the exchange offer, you have no arrangement with any person to participate in the distribution of the exchange notes.

You will be deemed to make such representations by tendering private notes in the exchange offer. In addition, in connection with the resale of exchange notes, any participating broker-dealer who acquired the private notes for its own account as a result of market-making or other trading activities must deliver a prospectus meeting the requirements of the Securities Act. The SEC has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the exchange notes, other than a resale of an unsold allotment from the original sale of the notes, with this prospectus.

Return of Notes

If we do not accept any tendered private notes for any reason described in the terms and conditions of the exchange offer or if you withdraw or submit private notes for a greater principal amount than you desire to exchange, we will return the unaccepted, withdrawn or non-exchanged

notes without expense to you as promptly as practicable by crediting the private notes to your account maintained with DTC as promptly as practicable.

Book Entry Transfer

The exchange agent will make a request to establish an account with respect to the private notes at DTC for purposes of the exchange offer within two business days after the date of this prospectus, and any financial institution that is a participant in DTC s system may make book-entry delivery of private notes by causing the DTC to transfer the private notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer.

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In all cases, we will issue exchange notes for private notes that we have accepted for exchange under the exchange offer only after the exchange agent timely receives:

- a confirmation of book-entry transfer of your private notes into the exchange agent s account at DTC; and
- a properly transmitted agent s message.

If we do not accept any tendered private notes for any reason set forth in the terms of the exchange offer, we will credit the non-exchanged private notes to your account maintained at DTC.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw tenders of private notes at any time before 5:00 p.m. on the expiration date.

To withdraw a tender of private notes in the exchange offer, the holder must cause to be transmitted to the exchange agent an agent s message, on or before the expiration date. In addition, the exchange agent must receive a timely confirmation of book-entry transfer of the private notes out of the exchange agent s account at DTC under the procedure for book-entry transfer described herein, on or before the expiration date.

We will determine in our sole discretion all questions as to the validity, form and eligibility of the notices, and our determination will be final and binding on all parties. We will not deem any properly withdrawn private notes to have been validly tendered for purposes of the exchange offer, and we will not issue exchange notes with respect to those private notes, unless you validly retender the withdrawn private notes. You may retender properly withdrawn private notes by following the procedures described above under Procedures for Tendering at any time before the expiration date.

Conditions

Notwithstanding any other term of the exchange offer, we will not be required to accept for exchange, or exchange the exchange notes for, any private notes, and may terminate the exchange offer as provided in this prospectus before the acceptance of the private notes, if, in our reasonable judgment, the exchange offer violates applicable law, rules or regulations or an applicable interpretation of the staff of the SEC.

If we determine in our reasonable discretion that any of these conditions are not satisfied, we may

- refuse to accept any private notes and return all tendered private notes to you;

extend the exchange offer and retain all private notes tendered before the exchange offer expires, subject, however, to your rights to withdraw the private notes; or

waive the unsatisfied conditions with respect to the exchange offer and accept all properly tendered private notes that have not been withdrawn.

If the waiver constitutes a material change to the exchange offer, we will promptly disclose the waiver by means of a prospectus supplement that we will distribute to the registered holders of the private notes, and we will extend the exchange offer for a period of five to ten business days,

depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during the five to ten business day period.

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Termination of Rights

All of your rights under the registration rights agreement will terminate upon consummation of the exchange offer except with respect to our continuing obligations:

to indemnify you and parties related to you against liabilities, including liabilities under the Securities Act; and

to provide, upon your request, the information required by Rule 144A(d)(4) under the Securities Act to permit resales of the notes pursuant to Rule 144A.

Shelf Registration

If:

(1) we are not permitted to consummate the exchange offer because the exchange offer is not permitted by applicable law or SEC policy;

(2) the exchange offer has not been consummated by November 1, 2005; or

(3) the exchange offer is not available to any holder of transfer restricted securities,

we will file with the SEC a shelf registration statement to cover resales of the private notes by the holders thereof who satisfy certain conditions relating to the provision of information in connection with the shelf registration statement.

For purposes of the preceding, transfer restricted securities means each private note until:

(1) the date on which such note has been exchanged by a person other than a broker-dealer for an exchange note in the exchange offer;

(2) following the exchange by a broker-dealer in the exchange offer of a private note for an exchange note, the date on which such exchange note is sold to a purchaser who receives from such broker-dealer on or prior to the date of such sale a copy of the prospectus contained in the exchange offer registration statement;

(3) the date on which such private note has been effectively registered under the Securities Act and disposed of in accordance with the shelf registration statement; or

(4) the date on which such private note is distributed to the public pursuant to Rule 144 under the Securities Act.

Liquidated Damages

If:

(1) we fail to file any of the registration statements required by the registration rights agreement on or before the date specified for such filing;

(2) any of such registration statements is not declared effective by the SEC on or prior to the date specified for such effectiveness;

(3) we fail to consummate the exchange offer within 45 days after the exchange offer registration statement is declared effective; or

(4) the shelf registration statement or the exchange offer registration statement is declared effective but thereafter is withdrawn by us or becomes subject to an effective stop order suspending its effectiveness in connection with resales or exchanges of transfer restricted securities during the periods specified in the registration rights agreement (each such event referred to in clauses (1) through (4) above, a registration default);

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then we will pay to each holder of the outstanding notes, as liquidated damages, for the period from the occurrence of the registration default (but only with respect to one registration default at any particular time) until such time as no registration default is in effect an amount per annum equal to 0.25% during the first 90-day period following the occurrence of such registration default which rate shall increase by an additional 0.25% during each subsequent 90-day period, up to a maximum of 1.00% in respect of the aggregate principal amount of transfer restricted securities held by such holder until the applicable registration statement is filed, the exchange offer registration statement is declared effective and the exchange offer is consummated or the shelf registration statement is declared effective or again becomes effective, as the case may be.

Exchange Agent

We have appointed Wells Fargo Bank, National Association as exchange agent for the exchange offer. You should direct questions and requests for assistance and requests for additional copies of this prospectus to the exchange agent addressed as follows:

Wells Fargo Bank, National Association

707 Wilshire Boulevard, 17th Floor

Los Angeles, California 90017

Attention: Maddy Hall, Trust Officer

Tel: (213) 614-2588

Fax: (213) 614-3355

Fees and Expenses

We will bear the expenses of soliciting tenders. We are making the principal solicitation by mail; however, our officers and regular employees may make additional solicitations by facsimile, telephone or in person.

We have not retained any dealer manager in connection with the exchange offer and will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

We will pay the cash expenses incurred in connection with the exchange offer which we estimate to be approximately $250,000. These expenses include registration fees, fees and expenses of the exchange agent and the trustee, accounting and legal fees and printing costs, among others.

We will pay all transfer taxes, if any, applicable to the exchange of notes pursuant to the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of the private notes pursuant to the exchange offer, then you must pay the amount of the transfer taxes.

Consequence of Failures to Exchange

Participation in the exchange offer is voluntary. We urge you to consult your financial and tax advisors in making your decisions on what action to take. Private notes that are not exchanged for exchange notes pursuant to the exchange offer will remain restricted securities. Accordingly, those private notes may be resold only:

- to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A;
- in a transaction meeting the requirements of Rule 144 under the Securities Act;
- outside the United States to a foreign person in a transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act;
- in accordance with another exemption from the registration requirements of the Securities Act and based upon an opinion of counsel if we so request;
- to us; or
- pursuant to an effective registration statement.

In each case, the private notes may be resold only in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction.

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USE OF PROCEEDS

The exchange offer satisfies an obligation under the registration rights agreement. We will not receive any cash proceeds from the exchange offer.

The net proceeds from the sale of the private notes, after deducting discounts, commissions and estimated offering expenses were approximately $197 million. We will use the net proceeds for working capital and general corporate purposes, which may include acquisitions. As part of our overall business strategy, we pursue acquisitions of and investments in complementary companies, products and technologies. We are evaluating a number of acquisitions on a preliminary basis, but it is not certain that any of these transactions will advance beyond the preliminary stages or be completed.

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CAPITALIZATION

(in thousands)

The following table sets forth our cash and cash equivalents, short-term debt and our consolidated capitalization at December 31, 2004, which gives effect to the offering of the private notes and the related transactions and the application of the net proceeds thereof.

	December 31, 2004
Cash and cash equivalents	$ 195,734
Short-term debt:	
Notes payable and current maturities of long-term debt	$ 9,457
Long-term debt, net of current maturities:	
Revolving credit facility	$
Notes	200,000
7 1/2% Senior Subordinated Notes due 2013	225,000
Other long-term debt	979
Total long-term debt	425,979
Total debt	$ 435,436
Stockholders equity:	
Preferred stock, $0.0001 par value, 7,500,000 shares authorized; none outstanding at 2004	
Class A common stock, $0.0001 par value, 80,000,000 shares authorized; 20,997,568 shares outstanding at	2
Class B common stock, $0.0001 par value, 20,000,000 shares authorized; 4,836,540 shares outstanding at 2004	1
Additional paid-in capital	49,628
Class A treasury stock, zero shares at 2004	
Retained earnings	489,254
Accumulated other comprehensive income: Currency translation and other	58,003
Total stockholders equity	596,888
Total capitalization	$ 1,032,324

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SELECTED FINANCIAL INFORMATION AND OTHER DATA

(in thousands, except per share data)

The selected consolidated income statement data and balance sheet data presented below for the years ended December 31, 2004, 2003 and 2002 and as of December 31, 2004 and 2003, are derived from Bio-Rad s consolidated financial statements, audited by an independent registered public accounting firm, included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2002 was derived from Bio-Rad s consolidated balance sheet, audited by an independent registered public accounting firm. The selected consolidated income statement data and balance sheet data for the years ended December 31, 2001 and 2000 and as of December 31, 2001 and 2000 are derived from unaudited financial statements. The following information should be read in conjunction with the section Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements included in this prospectus.

	Year Ended December 31,				
	2004	2003	2002	2001	2000
Income Statement Data:					
Net sales	$ 1,090,012	$ 979,631	$ 865,006	$ 789,639	$ 700,664
Cost of goods sold	479,939	423,401	365,451	345,964	333,092
Gross profit	610,073	556,230	499,555	443,675	367,572
Selling, general and administrative expense	378,264	317,524	281,579	257,684	238,947
Product research and development expense	108,344	91,273	79,788	73,922	65,742
Purchased in-process research and development expense	14,620				
Goodwill amortization				7,746	8,109
Loss (gain) on divestitures				5,150	(21,845)
Interest expense	20,219	31,006	28,207	24,088	30,612
Foreign exchange losses	2,394	4,080	5,441	2,097	420
Other (income) expense, net(1)	(11,095)	(3,012)	(678)	10,031	689
Income from continuing operations before taxes and cumulative effect of change in accounting principle	97,327	115,359	105,218	62,957	44,898
Provision for income taxes	(31,035)	(38,055)	(36,692)	(20,132)	(13,423)
Income from continuing operations before cumulative effect of change in accounting principle	66,292	77,304	68,526	42,825	31,475
Cumulative effect of change in accounting principle(2)					(710)
Income from continuing operations	66,292	77,304	68,526	42,825	30,765
Discontinued operations					
Gain (loss) from discontinued operations (net of tax)	(1,487)	(1,133)	(663)	1,354	335
Gain on divestiture (net of tax)	3,437				
Total income (loss) from discontinued operations	1,950	(1,133)	(663)	1,354	335
Net income	$ 68,242	$ 76,171	$ 67,863	$ 44,179	$ 31,100
Basic earnings per share:					
Continuing operations before cumulative effect of change in accounting principle	$ 2.58	$ 3.04	$ 2.73	$ 1.74	$ 1.29

Cumulative effect of change in accounting principle(2)					(0.03)
Discontinued operations	0.07	(0.04)	(0.03)	0.05	0.01
Basic earnings per share	$ 2.65	$ 3.00	$ 2.70	$ 1.79	$ 1.27
Diluted earnings per share:					
Continuing operations before cumulative effect of change in accounting principle	$ 2.51	$ 2.94	$ 2.63	$ 1.68	$ 1.29
Cumulative effect of change in accounting principle(2)					(0.03)
Discontinued operations	0.07	(0.04)	(0.02)	0.06	0.01
Diluted earnings per share	$ 2.58	$ 2.90	$ 2.61	$ 1.74	$ 1.27
Cash dividends paid per common share					
Total assets	$ 1,392,002	$ 992,596	$ 720,703	$ 684,028	$ 646,278

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	Year Ended December 31,				
	2004	2003	2002	2001	2000
Other Financial Data:					
Depreciation and amortization	$ 55,472	$ 42,009	$ 38,033	$ 41,312	$ 43,309
Capital expenditures, net	$ 60,493	$ 69,003	$ 42,224	$ 43,228	$ 31,406
Ratio of earnings to fixed charges(3)	4.5x	4.0x	4.0x	3.2x	2.3x
Balance Sheet Data (at period end):					
Cash	$ 195,734	$ 65,395	$ 27,733	$ 47,129	$ 13,954
Total assets	1,392,002	992,596	720,703	684,028	646,278
Long-term debt, net of current maturities	425,979	225,835	105,768	188,423	203,360
Total debt	435,436	236,258	113,254	198,354	221,506
Stockholders equity	596,888	495,807	383,087	283,877	244,618

(1) See Note 11 to the Consolidated Financial Statements for components of Other (income) expense, net. Included in 2001 is a $9.4 million writedown of an investment.

(2) Cumulative effect of accounting change per SEC Staff Accounting Bulletin 101, on Revenue Recognition.

(3) For purposes of calculating this ratio, earnings have been computed by adding to pre-tax earnings the fixed charges. Fixed charges include interest, amortization of debt premium/discount and expense and a portion of rental expense deemed to be representative of the interest factor.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management s Discussion and Analysis of Financial Condition and Results of Operations is intended to assist in the understanding and assessment of the trends and significant changes in our results of operations and financial condition. Historical results may not indicate future performance. Our forward-looking statements are subject to a variety of factors that could cause actual results to differ materially from those contemplated by these statements. Factors that may cause such a difference include, but are not limited to, those discussed in Risk Factors. Management s discussion and analysis should be read in conjunction with our consolidated financial statements and the accompanying notes included in this prospectus.

Results of Operations of Bio-Rad Laboratories

The following table shows operating income and expense items as a percentage of net sales for the periods indicated:

	Year Ended December 31,		
	2004	2003	2002
Net sales	100.0	100.0	100.0
Cost of goods sold	44.0	43.2	42.2
Gross profit	56.0	56.8	57.8
Selling, general and administrative expense	34.7	32.4	32.6
Product research and development expense, excluding in-process research and development	9.9	9.3	9.2
Income from continuing operations	6.1	7.9	7.9
Discontinued operations	0.2	(0.1)	(0.1)
Net income	6.3	7.8	7.8

Critical Accounting Policies and Estimates

The accompanying discussion and analysis of the Company s financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and contingencies as of the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. The Company evaluates its estimates on an on-going basis. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. However, future events are subject to change and the best current estimates and assumptions routinely require adjustment. Actual results could differ from these estimates. The Company has determined that for the periods reported in their 2004 Annual Report that the following critical accounting policies and estimates, are critical in understanding the financial condition and results of operation of the Company.

Accounting for Income Taxes. As part of the process of preparing Bio-Rad s consolidated financial statements, management is required to estimate the Company s income taxes in each of the jurisdictions in which the Company operates. This process involves estimating Bio-Rad s actual current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the consolidated balance sheet. Management must then assess the likelihood that the deferred tax assets will be recovered from future taxable income and to the extent management believes that recovery is not likely, a valuation allowance must be established. To the extent management establishes a valuation allowance or increases this allowance in a period, an expense within the tax provision in the statement of operations must be included.

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Significant management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against the net deferred tax assets. The Company has recorded a valuation allowance of $18.0 million and $21.4 million as of December 31, 2004, and 2003 respectively due to uncertainties related to the Company s ability to utilize some of the deferred tax assets, primarily consisting of certain foreign net operating losses carried forward, before they expire. The valuation allowance is based on management s current estimates of taxable income by the jurisdictions in which Bio-Rad operates and the period over which the deferred tax assets will be recoverable. In the event that actual results differ from these estimates or these estimates are adjusted in future periods an additional valuation allowance may need to be established which would increase the tax provision, lowering income and impacting Bio-Rad s financial position. Should realization of these deferred assets previously reserved occur, the tax provision would decrease, raising income and positively impacting Bio-Rad s financial position.

Valuation of Long-lived and Intangible Assets and Goodwill. The Company assesses the impairment of identifiable intangibles, long-lived assets and related goodwill and enterprise level goodwill whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Projected future operating results and cash flows of the reporting units are used to establish the fair value used in evaluating the carrying value of the associated goodwill. Factors the Company considers important which could trigger an impairment review include the following:

- significant under-performance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for the Company s overall business;
- significant negative industry or economic trends.

When the Company determines that the carrying value of intangibles, long-lived assets and related goodwill and enterprise level goodwill may not be recoverable based upon the existence of one or more of the above indicators of impairment, the Company measures any impairment based on a projected discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in Bio-Rad s current business model

In 2002, SFAS 142, *Goodwill and Other Intangible Assets* became effective. The Company adopted SFAS 142 and ceased to amortize approximately $77.7 million of goodwill. In lieu of amortization, the Company is required to perform an annual impairment review of goodwill. For the years 2003 and 2004 that review indicated no impairment had taken place. However, there can be no assurance that a material impairment charge will not be recorded in future periods.

Valuation of Inventories. The Company values inventory at the lower of the actual cost to purchase and/or manufacture the inventory or the current estimated market value of the inventory. The Company reviews inventory quantities on hand and records a provision for excess and obsolete inventory based primarily on an estimated forecast of product demand and production requirements for the next twelve months on a quarterly basis or, if warranted by the circumstances, more frequently. In addition, our industry is characterized by technological change, frequent new product development and product obsolescence that could result in an increase in the amount of obsolete inventory quantities on hand. Additionally, the Company s estimates of future product demand may prove to be inaccurate, in which case the Company may have understated or overstated the provision required for excess and obsolete inventory. In the future, if inventory is determined to be overvalued, the Company would be required to recognize such costs in our cost of goods sold at the time of such determination. Likewise, if inventory is determined to be undervalued, the Company may have over-reported cost of goods sold in previous periods and would be required to recognize such additional operating income at the time of sale. Therefore, although the Company makes efforts to ensure the accuracy of its forecasts of future product demand, any significant unanticipated changes in demand or technological developments could have a significant impact on the value of its inventory and reported operating results.

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Allowance for Doubtful Accounts. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. The amount of the allowance is determined by analyzing known uncollectible accounts, the age of our receivables, economic conditions in the customers country or industry, historical losses and our customers general credit-worthiness. Amounts later determined and specifically identified to be uncollectible are charged or written off against this reserve. This valuation allowance is reviewed on a quarterly basis to determine whether a provision or reversal is warranted. Should the estimates be higher than the actual uncollectible accounts, the Company would report lower profitability when the estimates are made and higher profitability when the receivable is collected through negotiation or litigation.

Warranty Reserves. The Company warrants certain equipment against defects in design, materials and workmanship, generally for a period of one year. Upon shipment of that equipment, the Company establishes, as part of cost of goods sold, a provision for the expected costs of such warranty based on historical experience, specific warranty terms and customer feedback. A review is performed on a quarterly basis to assess the adequacy of our warranty reserve, and adjusted, if necessary. The warranty percentage and accrual are based on actual experience and expected future costs to be incurred. Should realized costs be higher than expected costs, cost of goods sold would be lower in the period of estimation and higher when realized.

Litigation Reserves. Estimated amounts for claims that are probable and can be reasonably estimated are recorded as liabilities in the consolidated balance sheets. The likelihood of a material change in these estimated reserves would be dependent on the possible outcome of settlement negotiations, regulatory or judicial review and the development of facts and circumstances in extended litigation which could change claims or assessments when both the amount and range of loss on some outstanding litigation is uncertain. The Company is obligated to disclose in the footnotes of the financial statements when it is unable to make a reasonable estimate of the liability that could result from unfavorable outcomes in litigation. As events occur, the Company will assess the potential liability related to our pending litigation and revise our estimates. Such revisions in our estimates of the potential liability could materially impact our results of operations and financial position.

Corporate Results Sales, Margins and Expenses

Bio-Rad net sales for the year 2004 were $1,090.0 million, an increase of 11.3% over the prior year. The impact of a weakening US dollar throughout the year provided growth from foreign currency denominated net sales of approximately 5.8% for the full year.

The Life Science segment had sales growth of 10.6% in 2004, benefiting from an approximate 5.8% increase due to foreign exchange. Currency neutral sales growth of 4.8% was provided by the acquisition of MJ Research and the Company s protein expression product lines. Additionally, amplification and electrophoresis reagents product lines grew well.

Offsetting the sales growth of this segment is continued aggressive competitor pricing for the BSE test, continued general weakness related to some government grant spending (most notable Japan), and diminished capital equipment purchases by large pharmaceutical companies.

The Clinical Diagnostics segment had sales growth of 12.0% in 2004, benefiting from an approximate 5.7% increase due to foreign exchange. Currency neutral sales growth of 6.3% was provided in several broad product lines of the Clinical Diagnostics segment. The Company s quality control products had significant growth both from the Hematronix acquisition and the growth of existing product offerings followed by diagnostic testing for autoimmune, diabetes and blood virus.

Bio-Rad net sales for the year 2003 were $979.6 million, an increase of 13.3% over the prior year after presenting the Company s confocal microscopy operations, sold in May 2004, as discontinued operations. The impact of a weakening US dollar throughout the year provided growth from net foreign currency denominated sales of approximately 8.8% for the full year.

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The Life Science segment had sales growth of 13.6% in 2003, benefiting from an approximate 9.2% increase due to foreign exchange. Life Science experienced sales growth in the areas of amplification and electrophoresis reagents. Offsetting this growth was a currency neutral sales decline in the BSE test as a result of aggressive competitor price discounting.

The Clinical Diagnostics segment had sales growth of 13.0% in 2003, benefiting from an approximate 8.6% increase due to foreign exchange. Product lines providing the 4.4% of currency neutral sales growth were quality control products and blood virus products.

The 2004 consolidated gross margins declined to 56.0% in the current year from 56.8% after presenting the confocal microscopy product line divestiture as discontinued operations on a consistent basis. The decline in Life Science gross margins accounted for the decline for the Company as a whole. Factors contributing to the Life Science decline were continued lower overall pricing on the BSE product line, increased intangible asset amortization from the MJ acquisition, as well as MJ integration costs, and lower than anticipated factory volumes not absorbing fixed factory overhead costs. Clinical Diagnostics margins improved by about 1%. Efficiency gains in factory performance have resulted in a general trend of improving Clinical Diagnostics margins.

The 2003 consolidated gross margins declined to 56.8% from 57.8% in the prior year. The decline in gross margin for the Life Science segment accounted for the decline for the Company as a whole. The BSE product line accounted for the majority of the decline as average selling price declined and costs to automate customer testing procedures were not fully recovered in an attempt to protect the Company s existing market share. Life Science manufacturing overhead costs also increased as planned spending levels exceeded the planned activity levels resulting in less efficient overhead absorption. Clinical Diagnostics gross margins improved by approximately one-half of one percent. Spending increases below the rate of sales growth have generally aided the small improvement in Clinical Diagnostics margins.

Consolidated selling, general and administrative expense was 34.7% for the year 2004 compared to 32.4% for the year 2003. Both the Life Science and Clinical Diagnostics segments added expenses at a rate that exceeded sales growth, with a significant portion of the growth attributable to Life Science. During 2004 Life Science had increased facility costs from moving into new facilities and consulting costs associated with the implementation of new distribution, manufacturing and financial software systems. Costs also increased related to the MJ acquisition and legal matters associated with the gene expression product line.

The Company as a whole has seen significant increased costs associated with regulatory compliance especially Section 404 of Sarbanes-Oxley Act, but also global tax compliance and security and disaster recovery for the Company s information technology infrastructure. Personnel costs remain the largest element of selling, general and administrative (SG&A) expense and the increased cost for salary and wages, fringe benefits for existing, acquisition-related and current year increases to personnel all contributed to higher spending levels.

Consolidated selling, general and administrative expense for 2003 was 32.4% of sales, compared to 32.6% for the year ended 2002. The Life Science segment added expenses at a rate of growth higher than sales. Areas of emphasis were selling and marketing efforts in the segment s protein function, protein separation and gene expression product lines. SG&A expenses were not reduced in food safety as a means to respond in the short term to competitive pressures maintaining Bio-Rad s market leading position. The Clinical Diagnostics segment grew SG&A at a lower rate than sales growth and accounts in large part for their improved segment profitability. The Company also made investments in financial and tax compliance to improve future profitability.

Excluding $14.6 million of purchased in-process R&D from both the Hematronix and MJ Research acquisitions, product research and development expense (R&D) in 2004 rose to 9.9% of sales from 9.3% in 2003. The significant increase in spending levels occurred in Life Science in the areas of protein separation and function and food safety. Increased spending levels in Clinical Diagnostics are attributable to the

recently announced FDA clearance for the Bio-Plex 2200™, an immunoassay platform that employs multiplexing technology. Clinical Diagnostics continues to invest in expanding its quality control products and blood virus diagnostic tests. Bio-Rad plans to reinvest between 9% and 10% of sales in research and development annually to support sales growth.

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Product research and development expense in 2003 rose to 9.3% of sales. In absolute dollars each segment had growth with Life Science increasing more than Clinical Diagnostics. Life Science concentrated on proteomics, process chromatography, food testing and microarray technology. Clinical Diagnostics concentrated on automation for the serology, autoimmune and blood virus products as well as the segment s quality control products.

Corporate Results

Interest expense declined in 2004 to $20.2 million, a decrease of $10.8 million. The year 2004 is representative of approximately $251.6 million of average borrowings, consisting largely of the September 2003, 7.5%, 10 year bonds plus the amortization of bond origination fees and interest on local foreign lines of credit. In December 2004, the Company borrowed an additional $200.0 million in a private placement of 10 year Senior Subordinated Notes at 6.125%. This additional borrowing will cause 2005 interest expenses to increase by approximately $12.5 million including the amortization of bond origination fees. For 2004, the 6.125% 2004 bonds were outstanding for nine days.

Interest expense increased to $31.0 million in the year 2003. Included in the current year s interest cost is $14.6 million for the open market repurchase and tendering of $106.0 million of Bio-Rad s 11-5/8% Senior Subordinated Notes due 2007 and the refinancing of the Company s primary credit facility. These costs include a premium to repurchase the notes, and the expensing of unamortized debt issue costs and original issue discount.

Foreign exchange losses for 2004 and 2003 decreased by $1.7 million and $1.4 million, respectively, when compared to prior years. All years include the net cost of Bio-Rad s economic hedging program valuing open option contracts to fair market value at period end and the revaluation of intercompany receivables and payables for the established European, Asian and North America currencies.

Other income and expense for the year 2004 includes $4.6 million of interest and dividends generated by the Company s net cash position and notes receivable. The Company also settled by negotiation and received cash payments of $3.3 million in two matters that originated prior to 2002. First was a $1.9 million settlement with an outside legal firm which represented the Company in the mid 1990s. The second settlement was with Digilab LLC for contested transition services settled in connection with the sale of the Company s spectroscopy product line in October 2001. The Company additionally recorded a write-down of $2.4 million for an other than temporary impairment of its investment in Instrumentation Laboratories, an Italian diagnostic company in which it holds a 3% stake, and recorded $3.1 million of other income associated with an equity method investee, a Japanese equipment manufacturer in which it holds a 40% stake.

Bio-Rad s consolidated effective tax rate was 32%, 33% and 35% in 2004, 2003 and 2002, respectively. The tax rate for all years reflects the utilization of loss carryforwards, foreign sales corporation benefits, and foreign tax credits. The largest component in the 2004 and 2003 year over year decline in the tax rate is the difference between U.S. and foreign tax rates, net of foreign tax credits.

Financial Condition

Historically, the Company s principal capital requirement was for working capital to fund its internal growth. Management assesses Bio-Rad s liquidity in terms of its ability to generate cash to fund its operations and make acquisitions. The relevant factors that effect liquidity are cash flows from operations, capital expenditures, acquisition opportunities, Common Stock repurchases, the adequacy of available bank lines of credit and the ability to raise long-term capital by borrowing in the debt markets with satisfactory terms and conditions.

At December 31, 2004, the Company had available $361.6 million in cash, cash equivalents and short-term investments, and $53.1 million under international lines of credit. Under the $150.0 million restated and amended

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Revolving Credit Facility the Company has $145.4 million available with $4.6 million reserved for standby letters of credit issued by our banks to guarantee the Company s obligations to certain insurance companies. Management believes that this availability, together with cash flow from operations, will be adequate to meet the Company s current objectives for operations, research and development, capital additions for plant, equipment and systems and an acquisition consistent with opportunities presently available.

Cash Flow From Operations

Net cash provided by operations was $123.1 million, $127.6 million and $105.8 million in 2004, 2003 and 2002 respectively. The decrease is primarily due to increased spending with suppliers and employees in operating the business. This decline in operating cash flows was caused by higher regulatory compliance, facility, and personnel costs, offset by lower income tax payments and miscellaneous receipts including settlements of disputed legal charges and the collection of a disputed non-trade receivable. The increase in receivables and inventory after elimination of foreign currency and acquisitions was in line with our sales growth and not a significant factor to declining cash flows from operations.

Bio-Rad s management regularly reviews the allowance for uncollectible receivables and believes net accounts receivable are fully realizable. Management routinely reviews inventory for the impact of obsolescence and changes in market prices caused by the introduction of new products, technologies and in government reimbursement policies.

Cash Flow from Investing Activities

Net capital expenditures in 2004 totaled $60.5 million, compared to $69.0 million and $42.2 million in 2003 and 2002, respectively. The cost to complete a new 160,000 square foot building on our Hercules campus was approximately $26 million of which $23.1 million was incurred in 2003. Complete occupancy occurred at the end of the first quarter of 2004. A principal expenditure in all years was clinical diagnostics equipment placed with customers to be used with the Company s clinical diagnostics reagents. For 2004 this amount represents $15.9 million of capital additions. The Company continues to invest in business systems to standardize distribution software and enhance data communication. Other expenditures were made for the replacement and improvement of production equipment and facilities to meet the necessary Good Manufacturing Practices, (GMP) mandated by the Food and Drug Administration (FDA) for Clinical Diagnostics and to meet the requirements of other regulatory bodies as well as many customers in the Life Science market.

Net cash used in investing activities was $186.3 million for the year 2004. Payments for acquisitions include cash paid for the acquisition of Hematronix in the first quarter of 2004, an increase in the Company s investment in Sartorius in the second quarter of 2004, and the acquisition of MJ Geneworks in the third quarter of 2004. Proceeds from divestitures represents the cash received from the divestiture of the confocal microscopy product line. The $88.9 million of net purchases of marketable securities and investments represents the temporary placement of funds not being used in operations. Cash and short-term investment in part represents the Company s resources available to do an acquisition before drawing on its available credit facilities and incurring additional debt. Actual acquisition spending, however, may vary depending upon the availability and timing of a suitable candidate.

Cash Flow from Financing Activities

Net cash flow provided from financing was $193.2 million for 2004. During the fourth quarter of 2004, the Company borrowed $200 million at 6.125% due 2014 in a private placement. The funds were invested in cash equivalents and short-term investments to be available for a possible acquisition. A specific target has not been identified but the Company continually discusses strategic and tactical opportunities with owners and principals representing possible acquirees. Net borrowings under lines of credit represent repayments of the credit facility Bio-Rad assumed in the MJ Geneworks acquisition.

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The Company completed three significant financing transactions during 2003. These transactions were the completion of a $150.0 million revolving credit facility, the placement of $225.0 million aggregate principal amount of Senior Subordinated Notes in a private offering and completion of a cash tender offer to retire all of its outstanding 11-5/8% Senior Subordinated Notes due in 2007.

The $150.0 million revolving credit facility is secured by substantially all of the Company s personal property assets and the assets of its domestic subsidiaries and 65% of the capital stock of certain foreign subsidiaries, and is guaranteed by all of its existing and future domestic subsidiaries (other than immaterial domestic subsidiaries as defined for purposes of the new credit facility).

On August 11, 2003 the Company completed the sale of $225 million aggregate principal amount of its 7.5% Senior Subordinated Notes due 2013 in a private offering. The Company used $98.2 million of the net proceeds from this offering to fund the purchase of the outstanding 11-5/8% Senior Subordinated Notes due 2007 pursuant to a tender offer completed on September 30, 2003 with the remainder available for general corporate purposes, which may include acquisitions.

The $225.0 million private placement has been exchanged for the new 7.5% Exchange Notes that have been registered under the Securities Act of 1933, as amended, or applicable state securities laws. This transaction was completed on October 30, 2003, with the new Exchange Notes being virtually identical in all material respects to the 7.5% private placement.

The Board of Directors has authorized the Company to repurchase up to $18 million of the Company s common stock over an indefinite period of time. Through December 31, 2004, the Company has cumulatively repurchased 1,179,272 shares of Class A Common Stock and 60,000 shares of Class B Common Stock for a total of $14.7 million. The Company s credit agreements restrict the Company s ability to repurchase its own stock. There were no share repurchases made during 2003 or 2004. The repurchase is designed to improve shareholder value and to satisfy the Company s obligations under the employee stock purchase and stock option plans.

Contractual Obligations

The following summarizes certain of our contractual obligations as of December 31, 2004 and the effect such obligations are expected to have on our cash flows in future periods (in millions):

Contractual Obligations	Totals	Less than One Year	1-3 Years	3-5 Years	More than 5 Years
Long-term debt, including current portion(1)	$ 426.4	$ 0.4	$ 0.7	$ 0.3	$ 425.0
Operating lease obligations(2)	61.7	22.7	25.1	8.1	5.8
Purchase obligations(3)	12.7	9.5	1.4	0.9	0.9
Long-term liabilities	29.0		14.7	2.9	11.4

(1) These amounts represent expected cash payments, include capital lease obligations and are included in our Consolidated Balance Sheets. See Note 7 of the Consolidated Financial Statements for additional information about our debt.
(2) Operating lease obligations are described in Note 13 of the Consolidated Financial Statements.

(3) Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on the Company and that specify all significant terms. Purchase obligations exclude agreements that are cancelable without penalty.

Financial Risk Management

Bio-Rad uses derivative financial instruments to reduce the Company s exposure to fluctuations in foreign exchange rates and, on occasion, interest rates. No derivative financial instruments are entered into for the purpose of speculating or trading. Company policy limits all derivative positions exclusively to reducing risk by hedging an underlying economic exposure. These derivative investments do not qualify for hedge accounting

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treatment under SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*. Derivative instruments used in these transactions will be valued at fair value and changes in fair value will be included in reported earnings.

Bio-Rad operates and conducts business in many countries and is exposed to movements in foreign currency exchange rates. Additionally, Bio-Rad s consolidated net equity is impacted by the conversion of the net assets of international subsidiaries for which the functional currency is not the U.S. Dollar. Foreign currency exposures are managed on a centralized basis by the Company s Treasury Department. This allows for the netting of natural offsets and lowers transaction costs and exposures. Bio-Rad currently makes more than 60% of its sales outside the United States and weakening in one currency can often be offset by strengthening in another currency.

Bio-Rad typically enters into forward exchange contracts to sell its foreign currency. Contracts primarily in British Sterling, Japanese Yen and the Euro, are entered into typically for 30 to 60 days. Bio-Rad records the change in the value of its foreign currency intercompany receivables and payables as a foreign exchange gain or loss on its statements of income along with the change in the fair market value of the forward exchange contract used as an economic hedge of that asset or liability.

Bio-Rad uses sensitivity analysis to assess the market risk associated with its foreign currency exchange risk. Market risk is the potential change in fair value of derivative positions from an adverse movement in currency exchange rates. A 10% adverse loss on quoted foreign currency exchange rates would result in an approximate $10 million loss. This impact of a change in exchange rates excludes the offset derived from the change in the Company s underlying assets and liabilities, which could reduce the effect to zero.

The Company s long-term debt consists primarily of fixed rate instruments. Bio-Rad uses sensitivity analysis to assess the market risk associated with its interest rate risk. As of December 31, 2004, the Company s interest rate risk was not significant.

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BUSINESS

Our Company

We are a multinational manufacturer and worldwide distributor of life science research products and clinical diagnostics products. Our business is organized into two primary segments, Life Science and Clinical Diagnostics, with the mission to provide scientists with the specialized tools needed for biological research and clinical diagnostics.

We believe we are the market leader in many of the product areas in which we compete, selling more than 8,000 products and services to a diverse client base comprised of scientific research, healthcare, industry, education and government customers worldwide. We manufacture and supply our customers with a range of reagents, apparatus and equipment to separate complex chemical and biological materials and to identify, analyze and purify components. Because our customers require standardization for their experiments and test results, we believe approximately 70% of our revenue is considered recurring.

We continue to build upon our worldwide reputation for quality, innovative products and well-recognized brand names within our industry. Our reach is global, as we currently provide products and services to approximately 70,000 customers in approximately 130 countries worldwide. For the year ended December 31, 2004, we had net sales of $1.1 billion and net income of $68.2 million.

Our Life Science segment and our Clinical Diagnostics segment generated 46% and 53%, respectively, of our net sales for the year ended December 31, 2004. We generated approximately 34% of our consolidated net sales for the year ended December 31, 2004 from U.S. sales and approximately 66% from sales in our remaining worldwide markets.

In addition to our significant internal focus on the development and commercialization of new products, we have also pursued tactical acquisitions to round out our existing product offerings or enter complementary markets in which we believe we could be a market leader. For example, our acquisition of Pasteur Sanofi Diagnostics (PSD), in October 1999, gave us access to, among other things, the exclusive licenses from the Institut Pasteur in the HIV and infectious disease diagnostic product market as well as the testing technology for mad cow disease. PSD also expanded the geographic reach and market penetration for our products, particularly in Latin America, Africa and France. In order to focus on our core Life Science and Clinical Diagnostics businesses, we have also divested non-core assets. In 2000 and 2001, we sold substantially all of our analytical instruments product lines and in 2004 we sold our confocal microscopy product line.

Our founders, David and Alice Schwartz, are still actively involved in the Company and have provided continuity of leadership and control since the Company was founded in 1957. Collectively, as of February 25, 2005, the Schwartz family owns approximately 17% of our Class A Common Stock and 89% of our Class B Common Stock.

Life Science Segment

Our Life Science segment is at the forefront of discovery, creating advanced tools for biological exploration, biopharmaceutical production and food supply testing. We are a market leader in this segment, developing, manufacturing and marketing a complete range of more than 5,000 consumables, apparatus and laboratory instruments, many of which are used in established research techniques, biopharmaceutical production processes and food testing regimes. These techniques are typically used to separate, purify and identify biological materials such as proteins, nucleic acids and bacteria within a laboratory or production setting. We focus on selected segments of the life sciences market, in proteomics, genomics, biopharmaceutical production, cell biology and food safety. We estimate that the 2004 worldwide sales of products in these selected segments exceeded $4.0 billion. We are a leading supplier of broad product lines in the following areas: electrophoresis, image analysis,

gene expression, chromatography, gene transfer, sample preparation, gene amplification, Transmissible Spongiform Encephalopathy (TSE) testing, rapid testing for food borne pathogens, and science education.

We believe we rank first in sales in the electrophoresis market and that we are second in sales in the image analysis market. In the gene transfer instrumentation market, we believe we have the leading market position based on exclusive rights we possess with respect to key intellectual property. We believe we are the leading supplier of mad cow disease testing.

The product offering in our Life Science segment is diverse, ranging from reagents to instruments. In a typical laboratory setting, life science researchers conduct an experiment using a series of instruments to prepare materials and analyze and record results. In each of these experiments, a variety of biological and chemical reagents and other consumable products are expended. The complexity and difficulty of many of these experiments require that researchers use established techniques to reproduce the results of others or to assure reproducibility of their own series of experiments. In order to assure consistency, researchers tend to standardize materials and methods to dictate the use of certain specific brands of instruments, consumable products and reagents.

Our principal life science customers include universities and medical schools, industrial research organizations, government agencies, pharmaceutical manufacturers, biotechnology researchers and food testing laboratories.

Clinical Diagnostics Segment

Our Clinical Diagnostics segment designs, manufactures, sells and supports test systems, informatics systems, test kits and specialized quality controls that serve clinical laboratories in the global diagnostics market. We estimate that the 2004 worldwide sales in this market were approximately $24.0 billion.

We supply more than 3,000 different products covering more than 300 clinical diagnostic tests to the specialty *in vitro* diagnostics (IVD) test market. We estimate that the 2004 worldwide sales in this market were approximately $9.0 billion. IVD tests are conducted outside the body and are used to identify and measure substances in a patient s tissue, blood or urine. Our products consist of reagents, instruments and software, typically provided to our customers as an integrated package to allow them to generate reproducible test results. Revenue in this business is highly recurring, as laboratories standardize on test methodologies that are dependent on a particular supplier s reagents and consumable products. An installed base of diagnostic test systems creates an ongoing source of revenue through the sale of test kits for each sample analyzed on an installed system.

Our products currently address specific niches within the specialty IVD test market, and we focus on the higher margin, higher growth segments of this market. We are a significant player in each of the following market segments: autoimmune disease testing, blood virus detection, quality controls and long-term diabetes monitoring performed in laboratories (in particular, our hemoglobin A1c test system). In addition, we provide clinical diagnostic products in the blood typing, emergency toxicology testing, genetic disorders detection, infectious disease testing and microbiology markets. We believe we have leading positions in certain specific diagnostic test areas.

We believe that we have the number one market share in both autoimmune disease testing and the monitoring of diabetes. Autoimmune disease is a condition in which an individual s immune system recognizes areas of the body as foreign and mounts a destructive attack. Examples of these types of disease are Systemic Lupus Erythematosus, Scleroderma and Sjogren s Syndrome. The autoimmune disease testing market is highly

specialized and growing rapidly.

Our Hemoglobin A1c test is the gold standard for monitoring diabetic patients. The Hemoglobin A1c blood marker is used by physicians to determine the progress of a patient over a three-month period in a single test result. This and related tests are sold to laboratories and physician offices for use on a variety of instruments and devices.

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We believe we also have the number one market position in quality control products. Clinical laboratories use quality control products to validate the test results obtained on patient specimens. Laboratories are required by regulatory agencies to run control samples alongside patient specimens to assure the accuracy and precision of their test systems. Our quality control products are designed to be used on a wide variety of laboratory test systems. We derive a substantial portion of our Clinical Diagnostics net sales from long-term agreements for the supply of reagents and services for installed instruments and quality control systems, both of which have historically generated a stable and recurring stream of net sales.

In the highly specialized and growing blood virus testing market, we believe we are third in terms of overall market share. Our tests for AIDS and hepatitis are used worldwide to protect the blood supply and diagnose infection. We are the exclusive license holder of the HIV-2 patent.

Our principal clinical diagnostic customers include hospital laboratories, reference laboratories, transfusion laboratories, physician office laboratories, state newborn screening facilities and insurance and forensic testing laboratories.

Industry Overview

Life Science Segment

Life science is the study of the characteristics, behavior, and structure of living organisms and their component systems. Life science researchers use a variety of products and systems including reagents, instruments, software and apparatus to advance the study of life processes, drug discovery and biotechnology, primarily within a laboratory setting.

We focus on selected segments of the life science market, in proteomics, genomics, biopharmaceutical production, cell biology and food safety, for which we estimate 2004 worldwide sales exceeded $4.0 billion. The primary technological applications that we supply to these segments are diverse and consist of electrophoresis, image analysis, immunoassay, chromatography, gene transfer and sample preparation and amplification. The primary end-users in our sectors of the market are universities and medical schools, industrial research organizations, government agencies, pharmaceutical manufacturers, biotechnology researchers and food testing laboratories.

We believe that we are well-positioned to capitalize on the following favorable trends influencing the life science industry:

- the rapid pace of drug discovery and commercialization by pharmaceutical and biotechnology companies;
- the increasing importance of proteomics or protein expression with respect to gene expression and biological processes;
- the growth in research and development expenditures by pharmaceutical manufacturers and in research grants from government agencies;

the production of medicines based on genetically engineered biological processes;

the vital role of the academic community in developing new analytical methods for pharmaceutical and biotechnological applications; and

the public health requirement for a safer food supply especially related to the detection and removal of animals infected with prion diseases like BSE or Chronic Wasting Disease (CWD).

Clinical Diagnostics Segment

We estimate that the 2004 worldwide sales in the global diagnostics market were approximately $24.0 billion. The worldwide clinical diagnostic industry encompasses a wide variety of products and services sold to

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the clinical testing laboratory. These products employ a broad array of technologies to detect, identify, and quantitate human diseases from blood or other bodily specimens.

Our Clinical Diagnostics segment serves the specialized testing portion of this market with test reagents, automated instruments, software, and quality controls. This specialized testing segment represents 39% or about $9 billion of the global diagnostics market. Tests done in this segment are generally more complex or are performed when a physician requires more specific information. They are lower in volume but command higher prices than routine tests.

The test results are used as aids for medical diagnosis, detection, evaluation, monitoring and treatment of diseases and other medical conditions. Most clinical diagnostics tests are performed *in vitro* (literally, in glass), while the remainder consists of *in vivo* (in the body) tests. The most common type of *in vitro* tests are routine chemistry tests that measure important health parameters, such as glucose, cholesterol or sodium, as part of routine blood checks. A second type of diagnostic tests, on which we focus, are more specialized and require more sophisticated equipment and materials than do routine tests.

Within the global clinical diagnostics industry, we selectively compete in niche areas:

Autoimmune Disease Testing, Blood Typing, Infectious Disease Testing. The majority of our specialty immunoassay tests, including immunoassay kits for autoimmune disorders and infectious diseases, such as H. pylori, HIV confirmation, syphilis and toxoplasmosis, fall under the virology/serology market segment. This testing area includes our radioimmunoassay and enzyme immunoassay kits for anemia, thyroid, steroids and bone metabolism testing. Additional assays for biogenic amines and certain vitamins utilize the high performance liquid chromatography methodology.

Blood Virus Detection. We are a major supplier of blood screening assays to transfusion laboratories and blood banks worldwide. Our AIDS and hepatitis tests represent state-of-the-art immunoassay technology for the protection of the blood supply.

Diabetes Monitoring. Within this niche of the clinical diagnostics industry, we introduced the gold standard Hemoglobin A1c technology in 1983. Our VARIANTII Automated Hemoglobin Analyzer supports our strong position in diabetes monitoring, and the compact D-10 and DiaSTAT analyzers allow for the monitoring and adjustment of diabetic therapy in the doctor s office. Bio-Rad s diabetes monitoring products are certified by the National Glycohemoglobin Standardization Program (NGSP).

Emergency Toxicology. Within this niche of the clinical diagnostics industry, we supply broad-spectrum drug screening instruments, including the REMEDi HS Drug Profiling System which provides rapid detection of drugs in overdosed patients, detecting up to 700 drugs in 20 minutes.

Genetic Disorders Testing. Within this niche of the clinical diagnostics industry, we provide conventional methods of genetic disorders screening for both newborns and adults, involving immunoassay, chromatography and biochemistry technologies. Common tests include those for sickle cell anemia and other neonatal applications, as well as thalassemia testing for adults and newborns.

Internet-based Software. Clinical Systems Network (CSN) is an Internet-based product aimed at the healthcare informatics market. Informatics involves software programs that create, annotate and link various databases, including software tools that use complex search algorithms to make sense of diagnostic information. The CSN product allows users to securely transmit patient data, instrument performance parameters and usage statistics among numerous sites. In addition, it provides online access to service manuals, user libraries, newsletters, journal articles, user-approved links to medically-related web sites, and 24 hour a day Bio-Rad

support.

Molecular Pathology. An emerging technology-specific subset of many traditional diagnostic markets, molecular pathology is also an emerging technology for the confirmation of genetic disorders using DNA markers. We use our mDx gene-based kits to confirm sickle cell anemia in newborns, as well as Factor V Leiden, thalassemia and other hemoglobin disorders in adults.

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Quality Control Systems. Quality Control systems are used to assure the accuracy of test results that are sent to physicians. We believe we are the leading provider of quality control systems and provide the most comprehensive line of quality control products, software and services in the industry. Our UNITY information management programs allow multiple users the ability to store, access and share their quality control data and documents with and between laboratory locations.

The Clinical Diagnostics segment s customers include hospital laboratories, reference laboratories, transfusion laboratories, physician office laboratories, government agencies and insurance and forensic testing laboratories.

The global focus on reducing healthcare costs presents challenges as well as opportunities for all diagnostic companies. Consolidation among healthcare providers has resulted in fewer, more powerful groups, whose purchasing power gives them cost containment leverage. Consequently, the focus on economic outcomes has made it imperative that manufacturers provide cost-effective diagnostics systems and services to remain competitive. Broader product offerings that encompass a wider range of testing capability, greater automation and higher-volume capacity have become essential. In addition, consolidation has made it increasingly necessary for diagnostics manufacturers to automate a wide variety of tests on integrated workstations that link patient, test and quality control data.

Notwithstanding the challenges presented above, we believe that we are well-positioned to capitalize on the following favorable trends influencing the clinical diagnostics industry:

- the aging demographic profile within both the U.S. and international markets;
- the emphasis on reducing downstream healthcare costs;
- the continuation of technological advances;
- the effective disease management of conditions requiring costly treatment, such as HIV/AIDS, hepatitis and heart disease;
- the vital role that genetic disorders screening plays in identifying predisposition to disease and reducing healthcare costs;
- the rapid growth and importance of information management systems within the healthcare industry; and
- the expanding demand for improved healthcare services in developing countries.

Our Products

Life Science Segment

The primary use for our Life Science products is the separation, purification and analysis of complex biological materials. Applications of these products are diverse but are generally categorized into seven areas, including electrophoresis, image analysis, liquid chromatography, gene transfer, sample preparation, amplification and immunoassay. Our customers use these products for biochemistry, cellular and molecular biology, immunology and other areas of life science, including cancer and genetic research as well as manufacturing quality control and food safety applications.

We believe that the breadth of our Life Science segment product line and our ability to provide complete life science research tools distinguishes us from our competitors. Our laboratory apparatus includes products ranging from power supplies and electrophoresis cells to particle delivery equipment and automated capillary and DNA electrophoresis equipment. Researchers use our biomaterial products, such as empty and prefilled chromatography columns, resins, gel cassettes, and buffer reagents in protein and nucleic acid electrophoresis. Our imaging products consist of high-specification imaging equipment and image analysis software for the

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analysis of protein and DNA separations. Technicians in bioprocessing laboratories use our chromatography media and processing equipment to purify, in large scale, proteins and nucleic acid based medicines. Our food safety products for the testing of BSE, CWD and pathogenic bacteria range from basic microbiology growth plates to fully automated BSE testing instrumentation.

Selected Life Science products and applications by target market include:

Target Market	Products	Applications
Electrophoresis separation of biological materials utilizing an electrical charge	Electrophoresis apparatus, gels, reagents and power supplies	Separation of protein and DNA into components, identification of specific bacteria in certain infections and tracking of the source DNA testing
Image Analysis image capture and analysis of biological materials	Instruments and specialized analysis software	Analysis of protein, DNA and cellular structure
Liquid Chromatography separation and purification of complex biomolecules	Instruments and reagents	Separation and purification of new drugs produced by genetic engineering techniques
Gene Transfer transfer of genetic material	Instruments and reagents	Infusion of DNA into cells to understand gene function
Sample Preparation preparation of samples	Kits and reagents	Purification of nucleic acids
Amplification and Polymerase Chain Reaction (PCR) duplication and amplification of genetic material	Thermal cycler instruments and gene expression assays	PCR amplification of nucleic acids DNA fingerprinting
BSE or CWD Testing testing animals for mad cow or chronic wasting disease	Test kits and instruments	Immunoassay
Food Pathogen Testing testing food or food processing equipment for the presence of pathogenic bacteria	Test kits and Real Time Thermal Cycler Instrument	Microbiology, PCR amplification
BioEducation illustrating the fundamental principles of modern Life Science	Teaching kits and instructional materials with supporting equipment	PCR amplification, chromatography, microbiology, and gene transfer

Our principal life science customers include prominent universities and medical schools, industrial research organizations, government agencies, pharmaceutical manufacturers, biotechnology researchers and food testing laboratories.

Clinical Diagnostics Segment

The Clinical Diagnostics segment supports clinical laboratories worldwide in their challenge to provide quality patient care while containing costs and streamlining work flow. This segment develops and manufactures automated test systems, test kits and quality control systems for hospitals and clinical laboratories to diagnose diseases, monitor patients and assess the quality of laboratory test results.

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We develop, manufacture and distribute quality control systems for immunoassay testing, therapeutic drug monitoring and other applications. This segment also provides a broad range of reagents, instrumentation and informatics, and we believe we are the world leader in controls and quality control data management. New clinical offerings include the D-10 Automated Hemoglobin Analyzer, an automated system for laboratories that require a low- to mid-volume instrument for hemoglobin testing, and CSN, an internet-based software program that enables licensed users to review on-line service manuals, connect to medically related web sites, review patient data from any location and access Bio-Rad on-line 24 hours a day. We have also strengthened our leadership position in quality control systems with the introduction of UNITY for Windows©, a network management program that enables multiple users to store, access and share their quality control data and documents within and between laboratory locations.

Selected Clinical Diagnostics products and applications by target market include:

Target Market	Products	Applications
Autoimmune testing of patient samples for immune response disorders	Immuno-fluorescence kits, enzyme immunoassay kits, automated processing systems and quality control specimens	The testing for systemic lupus erythematosis (SLE), connective tissue disease, scleroderma and rheumatoid arthritis
Blood Typing testing of blood for donors and for patients receiving transfusions	Consumable reagents, test systems and control specimens	Blood typing (Group A, B or O), RH typing (+ or) and antibody detection and identification
Blood Virus Detection Testing blood for virus infections	Reagents, consumables supplies and manual, semi-automated and automated test systems for HIV and hepatitis	Detection and identification of HIV and hepatitis infections
Diabetes Monitoring analysis of blood providing information for diabetes disease management	Automated hemoglobin testing systems	Measurement of hemoglobin to determine long-term sugar levels
Emergency Toxicology rapid identification of drugs	REMEDi Automated chromatography system, which detects up to 700 drugs within 20 minutes	Treatment of comatose emergency patients
Genetic Disorders Testing use of protein or nucleic acid markers to detect the genetic link to certain clinical diseases	Automated hemoglobin testing systems and immunoassays and DNA test kits	Detection of sickle cell anemia,