BINAX INC
Form 424B5
May 08, 2009

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Registered	Amount Registered	Offering Price per Unit	Aggregate Offering Price	Amount of Registration Fee(1)
9.00% Senior Subordinated Notes due 2016	$ 400,000,000	96.865%	$ 387,460,000	$ 21,621
Subsidiary Guarantees	(2)	(2)	(2)	(2)

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

(2) Pursuant to Rule 457(n) under the Securities Act of 1933, no separate registration fee is payable with regard to the guarantees.

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Filed Pursuant to Rule 424(b)(5)
Registration File No. 333-158542

PROSPECTUS SUPPLEMENT

To Prospectus dated May 1, 2009

$400,000,000

Inverness Medical Innovations, Inc.

9.00% Senior Subordinated Notes due 2016

We are offering $400,000,000 aggregate principal amount of our 9.00% Senior Subordinated Notes due 2016. The notes will mature on May 15, 2016. Interest will be payable on May 15 and November 15 of each year, beginning on November 15, 2009.

We may redeem the notes in whole or in part on and after May 15, 2013 at the redemption prices described herein plus accrued and unpaid interest at the date of redemption. In addition, we may redeem up to 35% of the notes before May 15, 2012 with the proceeds of certain equity offerings. Prior to May 15, 2013, we may also redeem the notes upon payment of the make-whole premium described herein plus accrued and unpaid interest at the date of redemption. If we sell certain of our assets or experience specific kinds of changes in control, we may be required to offer to repurchase the notes. There is no sinking fund for the notes.

The notes are our senior subordinated unsecured obligations and will be subordinated in right of payment to all our existing and future senior debt. Subject to certain exceptions, our obligations under the notes are or will be guaranteed on a senior subordinated basis by our current and future domestic subsidiaries that guarantee certain of our other indebtedness. The notes will also be effectively subordinated to our and our guarantor subsidiaries existing and future secured debt and other secured obligations, to the extent of the value of the assets securing such debt, and will be structurally subordinated to all obligations of our subsidiaries that do not guarantee the notes.

The notes have been authorized for listing on the New York Stock Exchange, subject to notice of issuance. Currently, there is no public market for the notes.

Investing in the notes involves substantial risk. See Risk Factors beginning on page S-12.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

	Public offering price(1)	Underwriting discount	Proceeds, before expenses, to us
Per note	96.865%	2.000%	94.865%

Total	$ 387,460,000	$ 8,000,000	$ 379,460,000

(1) Plus accrued interest from May 12, 2009 to the date of delivery.

We expect that delivery of the notes will be made to purchasers in book-entry form through The Depository Trust Company on or about May 12, 2009.

Joint Book-Running Managers

UBS Investment Bank

Goldman, Sachs & Co.

Banc of America Securities LLC

Co-Managers

Canaccord Adams **Leerink Swann** **Stifel Nicolaus**

The date of this prospectus supplement is May 7, 2009.

About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which describes more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or any issuer free writing prospectus. We have not, and the underwriters have not, authorized any other person to provide you with any other information. If anyone provides you with any other information, you should not rely on it. You should assume that the information appearing or incorporated by reference in this prospectus supplement and the accompanying prospectus or any issuer free writing prospectus is accurate as of the dates on their respective covers. Our business, financial condition, results of operations and prospects may have changed since those dates. Neither the delivery of this prospectus supplement and the accompanying prospectus or any issuer free writing prospectus nor any sale made hereunder shall under any circumstance imply that the information contained or incorporated by reference in this prospectus supplement is correct as of any date subsequent to the date on the cover of this prospectus supplement or that the information contained or incorporated by reference in the accompanying prospectus or any issuer free writing prospectus is correct as of any date subsequent to the dates on their respective covers.

We and the underwriters are offering to sell the notes only in places where such offers and sales are permitted.

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Summary

This summary highlights the information contained elsewhere or incorporated by reference in this prospectus supplement. Because this is only a summary, it does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. You should read the following summary together with the more detailed information and consolidated financial statements, including the accompanying notes, included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus.

INVERNESS MEDICAL INNOVATIONS, INC.

Inverness Medical Innovations, Inc. enables individuals to take charge of improving their health and quality of life at home by developing new capabilities in near-patient diagnosis, monitoring and health management. Our global leading products and services, as well as our new product development efforts, focus on cardiology, women s health, infectious disease, oncology and drugs of abuse. Our business is organized into four major reportable segments: professional diagnostics, health management, consumer diagnostics and vitamins and nutritional supplements. Through our professional diagnostics segment, we develop, manufacture and market an extensive array of innovative rapid diagnostic test products and other in vitro diagnostic tests to medical professionals and laboratories for detection of infectious diseases, cardiac conditions, drugs of abuse and pregnancy. Our health management segment provides comprehensive, integrated programs and services focused on wellness, disease and condition management, productivity enhancement and informatics, all designed to reduce health-related costs and enhance the health and quality of life of the individuals we serve. Our consumer diagnostic segment consists primarily of manufacturing operations related to our role as the exclusive manufacturer of products for SPD Swiss Precision Diagnostics, or SPD, our 50/50 joint venture with The Procter & Gamble Company, or P&G. SPD holds a leadership position in the worldwide over-the-counter pregnancy and fertility/ovulation test market. We also manufacture and market a variety of vitamins and nutritional supplements under our brands and those of private label retailers primarily in the U.S. consumer market. We have grown our businesses by leveraging our strong intellectual property portfolio and making selected strategic acquisitions. Our products are sold in approximately 90 countries through our direct sales force and an extensive network of independent global distributors.

ACON ACQUISITION

On April 30, 2009, we completed our acquisition of certain assets from ACON Laboratories, Inc. and certain related entities, whom we refer to collectively as ACON, relating to ACON s lateral flow immunoassay business. ACON is a world-wide provider of diagnostic test kits in the consumer, point-of-care and laboratory markets. In connection with our March 2006 acquisition of the assets of ACON s business of researching, developing, manufacturing, marketing and selling lateral flow immunoassay and directly related products, which we refer to as the ACON business, in the United States, Canada, Europe (excluding Russia, the former Soviet Republics that are not part of the European Union and Turkey), Israel, Australia, Japan and New Zealand, which we refer to collectively as the first territory, we entered into an agreement with ACON that provided that in the event certain financial performance and operating conditions were satisfied, we would agree to acquire, and ACON would agree to sell, the ACON business for the remainder of the world, which we refer to as the ACON second territory business. The terms and conditions of our acquisition of the ACON second territory business, which includes the ACON business in China, Asia Pacific, Latin America, South America, the Middle East, Africa, India, Pakistan, Russia and Eastern Europe, are set forth in an agreement between ACON and us dated March 16, 2009. ACON will retain its other worldwide in-vitro diagnostics businesses including diabetes, clinical chemistry and immunoassay products.

As agreed to in connection with the acquisition of the ACON business in the first territory in March 2006, the aggregate purchase price for the ACON second territory business will be based on a multiple

of either the ACON second territory business revenue or its pre-tax profits for calendar year 2008, subject to final determination of ACON s financial results for calendar year 2008, as well as working capital and other customary adjustments. We currently expect that the purchase price for the ACON second territory business will be approximately $200.0 million, subject to the foregoing determination and adjustments.

At closing, we paid $80.0 million in cash toward the purchase price. Not later than ten business days following the closing of this offering, we expect to pay approximately an additional $30.5 million in cash, based on the estimated purchase price. On July 1, 2009, we must pay an amount equal to approximately $59.5 million in shares of our common stock or, at our election, cash, based on the estimated purchase price. Such amount shall bear interest at the rate of 4% per annum from the closing date. The remainder of the purchase price will be due in two installments, each comprising 7.5% of the total purchase price, or approximately $15.0 million, based on the estimated purchase price, on the dates that are 15 and 30 months after the closing. These installment amounts do not bear interest and may be paid in cash or a combination of cash (not less than approximately 71% of each payment) and shares of our common stock (not more than approximately 29% of each payment).

The actual number of shares of our common stock to be issued pursuant to the ACON acquisition agreement, if any, will be determined by reference to a formula by which the value of the common stock to be issued is divided by a price per share equal to the volume weighted average price of our common stock during the ten trading days immediately preceding the date of issuance.

In connection with the consummation of the acquisition of the ACON second territory business, we also entered into various other agreements with ACON, including an amended and restated investor rights agreement, transitional supply and distribution agreements, an amended and restated license agreement, a transition services agreement, and other ordinary and customary agreements.

We may use a portion of the proceeds of this offering to pay some or all of the purchase price that remains outstanding.

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RECENT FINANCIAL RESULTS

We recently reported our preliminary unaudited financial results for the first quarter of 2009. We have not yet filed with the SEC our quarterly report on Form 10-Q for the first quarter of 2009, and our independent registered public accounting firm has not completed the review of our quarterly financial information required by Statement of Auditing Standards No. 100, *Interim Financial Information*.

In that quarter, we recorded net revenue of $443.9 million compared to net revenue of $372.2 million in the first quarter of 2008. The revenue increase was primarily due to $76.9 million of incremental revenue provided by our health management segment principally as a result of incremental revenues from recently acquired businesses, along with $10.2 million of incremental revenue contributed by our other recently acquired businesses, offset in part by the adverse impact of foreign currency translation, which reduced reported revenues by $16.6 million. A relatively mild flu season resulted in a reduction in sales of our influenza tests in North America by $12.4 million from the first quarter of 2008.

The following tables provide certain of our preliminary unaudited condensed consolidated financial data for the three months ended March 31, 2009 and 2008 and as of March 31, 2009.

For additional financial information relevant to our ability to meet our debt service obligations, please see Other Financial Information.

Statement of operations data:	**For the three months ended March 31, 2009**	**2008**
	(in thousands, except per share data) (unaudited)	
Net product sales and services revenue	$ 434,800	$ 361,361
License and royalty revenue	9,060	10,872
Net revenue	443,860	372,233
Cost of net revenue	209,658	191,843
Gross profit	234,202	180,390
Operating expenses:		
Research and development	27,052	30,925
Selling, general and administrative	178,996	134,687
Total operating expenses	206,048	165,612
Operating income	28,154	14,778
Interest and other income (expense), net	(20,671)	(20,753)
Income tax provision (benefit)	3,689	(880)
Equity earnings of unconsolidated entities, net of tax	2,497	921

Net income (loss)	6,291	(4,174)

Balance sheet data:	**March 31, 2009**
	(in thousands)
Cash and cash equivalents	$ 205,181
Working capital	$ 514,134
Total assets	$ 5,902,506
Total debt	$ 1,516,032
Total stockholders equity	$ 3,257,677

PRINCIPAL EXECUTIVE OFFICES

Inverness Medical Innovations, Inc. is a Delaware corporation. Our principal executive offices are located at 51 Sawyer Road, Suite 200, Waltham, Massachusetts 02453 and our telephone number is (781) 647-3900. Our website is www.invernessmedical.com. The information found on our website is not part of this prospectus.

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The offering

9.00% SENIOR SUBORDINATED NOTES DUE 2016

The following summary describes the principal terms of the notes. Some of the following description is subject to important limitations and exceptions. The Description of Notes section of this prospectus supplement contains a more detailed description of the notes than this summary section.

Issuer	Inverness Medical Innovations, Inc., a Delaware corporation.
Notes Offered	$400,000,000 aggregate principal amount of our 9.00% Senior Subordinated Notes due 2016.
Maturity Date	May 15, 2016.
Interest	9.00% per annum, payable semi-annually on May 15 and November 15 of each year, commencing November 15, 2009.
Optional Redemption	We may, at our option, redeem the notes, in whole or part, at any time on or after May 15, 2013, at the redemption prices described in Description of Notes Redemption Optional Redemption plus accrued and unpaid interest to (but excluding) the redemption date.
Optional Redemption After Certain Equity Offerings	At any time (which may be more than once) until May 15, 2012, we can choose to redeem up to 35% of the notes (including any applicable notes issued after the issue date) with money that we raise in certain equity offerings, so long as: Ø we pay 109.00% of the face amount of the notes, plus accrued and unpaid interest to (but excluding) the redemption date; Ø we redeem the notes within 90 days of completing such equity offering; and at least 65% of the aggregate principal amount of the notes (including any notes issued after the issue date) remains outstanding afterwards. See Description of Notes Redemption Redemption with Proceeds from Equity Offerings.
Make-Whole Redemption	Prior to May 15, 2013, we may redeem some or all of the notes by the payment of a make-whole premium described under Description of Notes Redemption Make-whole Redemption, plus accrued and unpaid interest to (but excluding) the redemption date.
Change of Control	If a change of control occurs, subject to certain conditions, we must give holders of the notes an opportunity to sell the notes to us at a purchase price of 101% of the principal amount of the notes, plus accrued and unpaid interest to (but excluding) the date of the purchase. The credit agreements governing our secured credit facilities prohibit us from

repurchasing any of the notes in connection with a change of control before the repayment in full of all amounts outstanding under the secured credit facilities. Therefore, if a change of control were to occur, we may be unable to repurchase any of the notes due to this or

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	similar prohibitions or because we do not have adequate funds. See Description of Notes Change of Control.
Guarantees	The payment of the principal, premium and interest on the notes is or will be fully and unconditionally guaranteed, jointly and severally, on a senior subordinated basis by, subject to certain exceptions, all of our current and future domestic subsidiaries that guarantee certain other of our indebtedness. A guarantee may be released if we dispose of the guarantor subsidiary or it ceases to guarantee certain other indebtedness of ours or any of our other subsidiaries. See Description of Notes Guarantees of the Notes.
Ranking	The notes will be our general unsecured senior subordinated obligations and will be: Ø junior in right of payment to all of our existing and future senior indebtedness, including indebtedness arising under our secured credit facilities; see Description of Notes Subordination of the Notes ; Ø *pari passu* in right of payment with all of our existing and future senior subordinated indebtedness, including indebtedness arising under our outstanding senior subordinated convertible notes; Ø senior in right of payment to any of our existing or future indebtedness that is, by its terms, subordinated in right of payment to the notes; Ø unconditionally guaranteed by the guarantor subsidiaries; see Description of Notes Guarantees of the Notes ; Ø effectively subordinated to all of our existing and future secured indebtedness, including indebtedness arising under our secured credit facilities, to the extent of the assets securing such indebtedness; and Ø structurally subordinated to all of the existing and future obligations of each of our subsidiaries that does not guarantee the notes; see Description of Notes Ranking of the Notes and the Guarantees. The guarantees will be general unsecured obligations of the guarantor subsidiaries and will be: Ø junior in right of payment to all existing and future senior indebtedness of the guarantor subsidiaries, including indebtedness arising under our secured credit facilities; see Description of Notes Subordination of the Guarantees of the Notes ; Ø *pari passu* in right of payment with any existing or future senior subordinated indebtedness of the guarantor subsidiaries;

Ø senior in right of payment to any existing or future indebtedness of guarantor subsidiaries that is, by its terms, subordinated to the guarantees;

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	Ø effectively subordinated to all existing and future secured indebtedness of the guarantor subsidiaries, including the indebtedness arising under our secured credit facilities, to the extent of the assets securing such indebtedness; and Ø structurally subordinated to all existing and future obligations of each of our subsidiaries that is not also a guarantor subsidiary; see Description of Notes Ranking of the Notes and the Guarantees. As of December 31, 2008, we had approximately $1.37 billion in principal amount of senior debt outstanding, including approximately $1.35 billion in aggregate principal amount of debt outstanding under our secured credit facilities.
Asset Sale Proceeds	If we or our subsidiaries engage in asset sales, we generally must either invest the net cash proceeds from such sales in our business within a period of time, prepay senior debt or make an offer to purchase a principal amount of the notes equal to the excess net cash proceeds, subject to certain exceptions. The purchase price of the notes will be 100% of their principal amount, plus accrued and unpaid interest. See Description of Notes Certain Covenants Limitations on Asset Sales.
Certain Covenants	We will issue the notes under an indenture with U.S. Bank National Association, as trustee. The indenture governing the notes contains covenants that limit our ability and our restricted subsidiaries ability to, among other things: Ø incur additional debt; Ø pay dividends on our capital stock or redeem, repurchase or retire our capital stock or subordinated debt; Ø make certain investments; Ø create liens on our assets; Ø transfer or sell assets; Ø engage in transactions with our affiliates; Ø create restrictions on the ability of our subsidiaries to pay dividends or make loans, asset transfers or other payments to us; Ø issue capital stock of our subsidiaries; Ø engage in any business, other than our existing businesses and related businesses;

Ø enter into sale and leaseback transactions;

Ø incur layered indebtedness; and

Ø consolidate, merge or transfer all or substantially all of our assets and the assets of our subsidiaries.

These covenants are subject to important exceptions and qualifications, which are described under the caption Description of Notes Certain Covenants.

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Use of Proceeds	We expect to use the net proceeds from this offering for working capital and other general corporate purposes, including the financing of potential acquisitions or other investments, if and when suitable opportunities arise, and for capital expenditures, in our sole discretion. We may use a portion of the net proceeds from this offering to pay some or all of our remaining obligations relating to our recently completed acquisition of the second territory business from ACON. See Use of Proceeds.
Book-Entry Form	Initially, the notes will be represented by one or more global notes in definitive, fully registered form deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company.
No Prior Market	The notes will be new securities for which there is currently no market. Although the underwriters have informed us that they intend to make a market in the notes, they are not obligated to do so and they may discontinue market making activities at any time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained.
Listing	The notes have been authorized for listing on the New York Stock Exchange, subject to notice of issuance.

RISK FACTORS

You should carefully consider all information in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. In particular, you should evaluate the specific risk factors set forth in the section entitled Risk Factors in this prospectus supplement for a discussion of risks relating to our business and an investment in the notes.

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Summary consolidated financial information

The following tables provide our summary consolidated financial data as of the dates and for the periods shown. Our summary consolidated statement of operations data for the years ended December 31, 2006, 2007 and 2008 and our summary consolidated balance sheet data as of December 31, 2007 and 2008 are derived from our audited consolidated financial statements included elsewhere in this prospectus supplement, which have been audited by BDO Seidman, LLP, our independent registered public accounting firm, as indicated in their report. Our summary consolidated balance sheet data as of December 31, 2006 are derived from our audited consolidated financial statements not included in this prospectus supplement, which have been audited by BDO Seidman, LLP, our independent registered public accounting firm. The summary consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements, including the notes thereto, included elsewhere in this prospectus supplement, Selected Consolidated Financial Information and Management s Discussion and Analysis of Financial Condition and Results of Operations.

Statement of operations data:	**For the year ended December 31, 2008**	**2007**	**2006**
	(in thousands, except per share data and ratios)		
Net product sales and services revenue	$ 1,645,600	$ 817,561	$ 552,130
License and royalty revenue	25,826	21,979	17,324
Net revenue	1,671,426	839,540	569,454
Cost of net revenue	810,867	445,813	340,231
Gross profit	860,559	393,727	229,223
Operating expenses:			
Research and development	111,828	69,547	48,706
Purchase of in-process research and development		173,825	4,960
Selling, general and administrative	684,879	326,208	165,688
Loss on dispositions, net			3,498
Operating income (loss)	63,852	(175,853)	6,371
Interest expense and other expenses, net, including amortization of original issue discounts and write-off of deferred financing costs	(103,356)	(74,251)	(17,822)
Loss before (benefit) provision for income taxes	(39,504)	(250,104)	(11,451)
(Benefit) provision for income taxes	(16,686)	(979)	5,727
Equity earnings of unconsolidated entities, net of tax	1,050	4,372	336
Net loss	(21,768)	(244,753)	(16,842)
Other financial data[1][2]:			
Ratio of earnings to fixed charges	0.7x		0.6x
Ratio of earnings to combined fixed charges and preference dividends	0.5x		0.6x

(footnotes on following page)

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Balance sheet data:	2008	December 31, 2007	2006
		(in thousands)	
Cash and cash equivalents	$ 141,324	$ 414,732	$ 71,104
Working capital	$ 457,198	$ 674,066	$ 133,313
Total assets	$ 5,955,360	$ 4,880,759	$ 1,085,771
Total debt	$ 1,520,534	$ 1,387,849	$ 202,976
Total stockholders equity	$ 3,278,838	$ 2,586,667	$ 714,138

(1) For the purpose of computing our ratio of earnings to fixed charges, earnings consist of pre-tax income before adjustment for income from equity investees plus fixed charges (excluding capitalized interest). Fixed charges consist of interest expensed and capitalized, amortized premiums, discounts and capitalized expenses related to indebtedness and an estimate of the interest within rental expense. This ratio is adjusted to include preference dividends in the ratio of earnings to combined fixed charges and preference dividends. Preference dividends equal the amount of pre-tax earnings that is required to pay the dividends on outstanding preference securities.

(2) Due to the net losses for the years ended December 31, 2008, 2007 and 2006, there were insufficient earnings of $38.1 million, $248.9 million and $11.8 million, respectively, to cover fixed charges and $61.4 million, $248.9 million and $11.8 million, respectively, to cover fixed charges and preference dividends.

OTHER FINANCIAL INFORMATION

This section presents additional financial information relevant to our ability to meet our debt service obligations, including our ratio of earnings to fixed charges, information from our statement of cash flows, and a presentation of our Adjusted EBITDA. EBITDA represents net income (loss) before interest, income taxes, depreciation and amortization. Our Adjusted EBITDA represents EBITDA plus:

Ø non-cash stock-based compensation;

Ø the amortization of inventory write-ups related to acquisitions;

Ø net realized non-cash foreign exchange losses on the settlement of certain inter-company transactions; and

Ø charges for purchased in-process research and development.

For an explanation of these items, please see notes 17 (regarding stock-based compensation), 2(b) (regarding foreign exchange losses) and 14 (regarding in-process research and development) of the notes to our audited consolidated financial statements included elsewhere in this prospectus supplement and the discussion of inventory write-ups related to our acquisitions in Management s Discussion and Analysis of Financial Condition and Results of Operations.

Adjusted EBITDA is presented because we believe that it provides useful information to investors relevant to our ability to meet our requirements for debt service, capital expenditures and working capital. We believe that EBITDA, with and without adjustments, is widely used by investors, analysts and ratings agencies in valuation, comparison, rating and investment recommendations and decisions regarding companies in our industry. Our management also evaluates the performance of our businesses using Adjusted EBITDA measures. Adjusted EBITDA is not a

measurement of financial performance under GAAP and should not be considered as an alternative to cash flow from operating activities or net income, as a measure of liquidity or as an indicator of operating performance or any measure of performance derived in accordance with GAAP. Our calculation of Adjusted EBITDA is different from the calculations that may be used by other companies and, accordingly, comparability may be limited. In addition, our calculation of Adjusted EBITDA is different than that used in the covenants concerning our secured credit facilities and the definition of consolidated cash flow used in the indenture governing the notes.

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Information for the twelve months ended March 31, 2009 was prepared by subtracting information for the three months ended March 31, 2008 from the information for the year ended December 31, 2008 and by adding information for the three months ended March 31, 2009, in accordance with GAAP.

This table does not present any information relating to our recently completed acquisition of ACON, which is described in more detail above.

	Year ended December 31, 2007	2008	Twelve months ended March 31, 2009
	(in thousands, except ratios)		
Net cash provided by operating activities	$ 88,755	$ 147,844	$ 170,979
Net cash used in investing activities	$ (1,786,530)	$ (713,332)	$ (519,855)
Net cash provided by financing activities	$ 2,032,384	$ 297,769	$ 153,464
Computation of Adjusted EBITDA:			
Net loss (GAAP)	$ (244,753)	$ (21,768)	$ (11,303)
Income tax benefit	(979)	(16,686)	(12,117)
Depreciation and amortization	92,886	266,855	286,553
Interest, net	71,539	94,426	90,173
Non-cash stock-based compensation	57,463	26,405	26,724
Amortization of inventory write-up related to acquisitions	8,227	2,021	313
Net realized non-cash foreign exchange loss	1,999	1,691	
Charge for purchased in-process research and development	173,825		
Adjusted EBITDA[(1)(2)]	$ 160,207	$ 352,944	$ 380,343

(1) Net loss (GAAP) includes non-interest related restructuring charges of $6.7 million, $43.7 million and $34.7 million for the years ended December 31, 2007 and 2008 and the twelve months ended March 31, 2009, respectively, which have not been added back for purposes of computing Adjusted EBITDA. Net loss (GAAP) for the twelve months ended March 31, 2009 also includes a charge of $4.7 million associated with the expensing of certain acquisition-related costs in connection with the adoption of SFAS No. 141-R, effective January 1, 2009, which also has not been added back for purposes of computing Adjusted EBITDA.

(footnotes continued on following page)

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(2) The information in the foregoing table does not reflect any information for Matria Healthcare, Inc., or Matria, prior to the date of its acquisition on May 9, 2008. Matria is a provider of comprehensive, integrated health management services particularly in the areas of women s and children s health, cardiology and oncology. Adjusted EBITDA for Matria for certain periods ending on or before May 8, 2008 is computed as indicated in the following table. For the three months ended March 31, 2008, Matria s net cash provided by operating activities was $7.3 million, its net cash used in investing activities was $3.4 million and its net cash used in financing activities was $319,000.

Matria financial information:	**Three months ended March 31, 2008**	**Period from April 1, 2008 to May 8, 2008**	**Period from January 1, 2008 to May 8, 2008**
Matria net income from continuing operations (GAAP)	$ 224	$ (22,334)	$ (22,110)
Income tax provision	162	(10,195)	(10,033)
Depreciation and amortization	5,387	2,304	7,691
Interest, net	4,883	15,321	20,204
Non-cash stock-based compensation	1,839	7,749	9,588
Matria Adjusted EBITDA[(3)]	$ 12,495	$ (7,155)	$ 5,340

(3) Matria net income from continuing operations (GAAP) includes restructuring charges and expenses related to our acquisition of Matria of $3.5 million and $12.0 million for the three months ended March 31, 2008 and the period from April 1, 2008 to May 8, 2008, respectively, which have not been added back for purposes of computing Adjusted EBITDA for Matria.

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Risk factors

You should carefully consider the following risk factors as well as the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before deciding to invest in the notes. The occurrence of any of the events or actions described in the following risk factors may have a material adverse effect on our business or financial performance. This prospectus supplement and the accompanying prospectus contain or incorporate statements that constitute forward-looking statements regarding, among other matters, our intentions, beliefs or current expectations about our business. These forward-looking statements are subject to risks, uncertainties and assumptions, as further described in the section entitled Special Note Regarding Forward-Looking Statements.

RISKS RELATED TO OUR BUSINESS

Disruptions in the capital and credit markets related to the current national and worldwide financial crisis, which may continue indefinitely or intensify, could adversely affect our results of operations, cash flows and financial condition, or those of our customers and suppliers.

The current disruptions in the capital and credit markets may continue indefinitely or intensify, and adversely impact our results of operations, cash flows and financial condition, or those of our customers and suppliers. These disruptions could adversely affect our ability to draw on our bank revolving credit facility, which is dependent on the ability of the banks that are parties to the facility to meet their funding commitments. Those banks may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity. Disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions could adversely affect our access to liquidity needed to conduct or expand our businesses or conduct acquisitions or make other discretionary investments, as well as our ability to effectively hedge our currency or interest rate. Such disruptions may also adversely impact the capital needs of our customers and suppliers, which, in turn, could adversely affect our results of operations, cash flows and financial condition.

Our business has substantial indebtedness, which could, among other things, make it more difficult for us to satisfy our debt obligations, require us to use a large portion of our cash flow from operations to repay and service our debt or otherwise create liquidity problems, limit our flexibility to adjust to market conditions, place us at a competitive disadvantage and expose us to interest rate fluctuations.

We currently have, and will likely continue to have, a substantial amount of indebtedness. The issuance of the notes will add significantly to our indebtedness. As of December 31, 2008, we had total debt outstanding of approximately $1.5 billion, which included approximately $1.1 billion in aggregate principal amount of indebtedness outstanding under our senior secured credit facility, $250.0 million in aggregate principal amount of indebtedness outstanding under our junior secured credit facility, which we refer to, together with the senior secured credit facility, as our secured credit facilities, and $150.0 million in indebtedness under our outstanding senior subordinated convertible notes.

Our substantial indebtedness could affect our future operations in important ways. For example, it could:

Ø make it more difficult to satisfy our obligations under the notes, the senior subordinated convertible notes, our secured credit facilities and our other debt-related instruments;

Ø require us to use a large portion of our cash flow from operations to pay principal and interest on our indebtedness, which would reduce the amount of cash available to finance our operations and service obligations, to delay or

reduce capital expenditures or the introduction of new products and/or forego business opportunities, including acquisitions, research and development projects or product design enhancements;

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- Ø limit our flexibility to adjust to market conditions, leaving us vulnerable in a downturn in general economic conditions or in our business and less able to plan for, or react to, changes in our business and the industries in which we operate;
- Ø impair our ability to obtain additional financing;
- Ø place us at a competitive disadvantage compared to our competitors that have less debt; and
- Ø expose us to fluctuations in the interest rate environment with respect to our indebtedness that bears interest at variable rates.

We expect to obtain the money to pay our expenses and to pay the principal and interest on the notes, the senior subordinated convertible notes, our secured credit facilities and our other debt from cash flow from our operations and potentially from other debt or equity offerings. Accordingly, our ability to meet our obligations depends on our future performance, which will be affected by financial, business, economic and other factors. We will not be able to control many of these factors, such as economic conditions in the markets in which we operate and pressure from competitors. We cannot be certain that our cash flow will be sufficient to allow us to pay principal and interest on our debt, including the notes, and meet our other obligations. If our cash flow and capital resources prove inadequate, we could face substantial liquidity problems and might be required to dispose of material assets or operations, restructure or refinance our debt, including the notes, seek additional equity capital or borrow more money. We cannot guarantee that we will be able to do so on acceptable terms. In addition, the terms of existing or future debt agreements, including the indenture governing the notes, the credit agreements governing our secured credit facilities and the indenture governing the senior subordinated convertible notes, may restrict us from adopting any of these alternatives.

The agreements governing our indebtedness subject us to various restrictions that may limit our ability to pursue business opportunities.

The agreements governing our indebtedness, including the credit agreements governing our secured credit facilities and the indentures governing the notes and the senior subordinated convertible notes, subject us to various restrictions on our ability to engage in certain activities, including, among other things, our ability to:

- Ø incur additional debt;
- Ø pay dividends or make distributions or repurchase or redeem our stock or subordinated debt;
- Ø acquire other businesses;
- Ø make investments;
- Ø make loans to or extend credit for the benefit of third parties or their subsidiaries;
- Ø prepay indebtedness;
- Ø enter into transactions with affiliates;

- Ø raise additional capital;
- Ø make capital or finance lease expenditures;
- Ø dispose of or encumber assets; and
- Ø consolidate, merge or sell all or substantially all of our assets.

These restrictions may limit or restrict our cash flow and our ability to pursue business opportunities or strategies that we would otherwise consider to be in our best interests.

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Our secured credit facilities contain certain financial covenants that we may not satisfy, which, if not satisfied, could result in the acceleration of the amounts due under our secured credit facilities and the limitation of our ability to borrow additional funds in the future.

The agreements governing our secured credit facilities subject us to various financial and other restrictive covenants with which we must comply on an on-going or periodic basis. These include covenants pertaining to maximum consolidated leverage ratios, minimum consolidated interest coverage ratios and limits on capital expenditures. If we violate any of these covenants, we may suffer a material adverse effect. Most notably, our outstanding debt under our secured credit facilities could become immediately due and payable, our lenders could proceed against any collateral securing such indebtedness and our ability to borrow additional funds in the future may be limited. Alternatively, we could be forced to refinance or renegotiate the terms and conditions of our secured credit facilities, including the interest rates, financial and restrictive covenants and security requirements of the secured credit facilities, on terms that may be significantly less favorable to us.

Our acquisitions may not be profitable, and the integration of these businesses may be costly and difficult and may cause disruption to our business.

Since commencing activities in November 2001, we have acquired and integrated into our operations numerous businesses. Since the beginning of 2006, we have acquired and integrated, or are in the process of integrating, the ACON second territory business; the ACON first territory business; Instant Technologies, Inc., or Instant; Biosite Incorporated, or Biosite; Cholestech Corporation, or Cholestech; HemoSense, Inc., or HemoSense; Alere Medical, Inc., or Alere Medical; Redwood Toxicology Laboratory, Inc., or Redwood; ParadigmHealth, Inc., or ParadigmHealth; Panbio Limited, or Panbio; BBI Holdings Plc, or BBI; and Matria Healthcare, Inc., or Matria. We have also made a number of smaller acquisitions. The ultimate success of all of these acquisitions depends, in part, on our ability to realize the anticipated synergies, cost savings and growth opportunities from integrating these businesses or assets into our existing businesses. However, the successful integration of independent businesses or assets is a complex, costly and time-consuming process. The difficulties of integrating companies and acquired assets include, among others:

- consolidating manufacturing, research and development operations and health management information technology platforms, where appropriate;
- integrating newly-acquired businesses or product lines into a uniform financial reporting system;
- coordinating sales, distribution and marketing functions and strategies, including the integration of our current health management products and services;
- establishing or expanding manufacturing, sales, distribution and marketing functions in order to accommodate newly-acquired businesses or product lines or rationalizing these functions to take advantage of synergies;
- preserving the important licensing, research and development, manufacturing and supply, distribution, marketing, customer and other relationships;
- minimizing the diversion of management s attention from on-going business concerns; and

Ø coordinating geographically separate organizations.

We may not accomplish the integration of our acquisitions smoothly or successfully. The diversion of the attention of our management from current operations to integration efforts and any difficulties encountered in combining operations could prevent us from realizing the full benefits anticipated to result from these acquisitions and adversely affect our other businesses. Additionally, the costs associated with the integration of our acquisitions may be substantial. To the extent that we incur integration costs that are not anticipated when we finance our acquisitions, these unexpected costs could adversely impact our liquidity or force us to borrow additional funds. Ultimately, the value of any business or asset that we have acquired may not be greater than or equal to the purchase price of that business or asset.

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If we choose to acquire or invest in new and complementary businesses, products or technologies rather than developing them internally, such acquisitions or investments could disrupt our business and, depending on how we finance these acquisitions or investments, could result in the use of significant amounts of cash.

Our success depends in part on our ability to continually enhance and broaden our product offerings in response to changing technologies, customer demands and competitive pressures. Accordingly, from time to time, we may seek to acquire or invest in businesses, products or technologies instead of developing them internally. Acquisitions and investments involve numerous risks, including:

Ø the inability to complete the acquisition or investment;

Ø disruption of our on-going businesses and diversion of management attention;

Ø difficulties in integrating the acquired entities, products or technologies;

Ø difficulties in operating the acquired business profitably;

Ø difficulties in transitioning key customer, distributor and supplier relationships;

Ø risks associated with entering markets in which we have no, or limited, prior experience; and

Ø unanticipated costs.

In addition, any future acquisitions or investments may result in:

Ø issuances of dilutive equity securities, which may be sold at a discount to market price;

Ø use of significant amounts of cash;

Ø the incurrence of debt;

Ø the assumption of significant liabilities, including litigation;

Ø unfavorable financing terms;

Ø large one-time expenses; and

Ø the creation of intangible assets, including goodwill, the write-down of which may result in significant charges to earnings.

Our joint venture transaction with P&G may not realize all of its intended benefits.

In connection with SPD, our 50/50 joint venture with P&G, we may experience:

Ø difficulties in integrating our corporate culture and business objectives with that of P&G into the joint venture;

- Ø difficulties or delays in transitioning clinical studies;
- Ø diversion of our management s time and attention from other business concerns;
- Ø higher than anticipated costs of integration at the joint venture;
- Ø difficulties in retaining key employees who are necessary to manage the joint venture; or
- Ø difficulties in working with an entity based in Switzerland and thus remote or inconvenient to our Waltham, Massachusetts headquarters.

Moreover, because SPD is a 50/50 joint venture, we do not have complete control over its operations, including business decisions which may impact SPD s profitability.

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For any of these reasons, or as a result of other factors, we may not realize the anticipated benefits of the joint venture and cash flow or profits derived from our ownership interest in SPD may be less than the cash flow or profits that could have been derived had we retained the transferred assets and continued to operate the consumer diagnostics business ourselves. P&G retains an option to require us to purchase P&G s interest in SPD at fair market value during the 60-day period beginning on May 17, 2011. Moreover, certain subsidiaries of P&G have the right, at any time upon certain material breaches by us or our subsidiaries of our obligations under the joint venture documents, to acquire all of our interest in the joint venture at fair market value less damages.

We may not be successful in conducting future joint venture transactions.

In addition to SPD, our 50/50 joint venture with P&G, we may enter into additional joint venture transactions in the future. We may experience unanticipated difficulties in connection with those joint venture transactions. We cannot assure you that any such joint venture transaction will be profitable or that we will receive any of the intended benefits of such a transaction.

If goodwill and/or other intangible assets that we have recorded in connection with our acquisitions of other businesses become impaired, we could have to take significant charges against earnings.

In connection with the accounting for our acquisitions we have recorded, or will record, a significant amount of goodwill and other intangible assets. Under current accounting guidelines, we must assess, at least annually and potentially more frequently, whether the value of goodwill and other intangible assets has been impaired. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings which could materially adversely affect our reported results of operations in future periods.

We may experience manufacturing problems or delays due to, among other reasons, our volume, specialized processes or our Chinese operations, which could result in decreased revenue or increased costs.

Many of our manufacturing processes are complex and require specialized and expensive equipment. Replacement parts for our specialized equipment can be expensive and, in some cases, can require lead times of up to a year to acquire. In addition, our private label consumer diagnostics business, and our private label and bulk nutritional supplements business in particular, rely on operational efficiency to mass produce products at low margins per unit. We also rely on numerous third parties to supply production materials and, in some cases, there may not be alternative sources immediately available.

In addition, during 2008, we began the process of closing the manufacturing operations that we acquired with Cholestech, and shifting the production of products from these facilities to our San Diego campus. We also began the process of closing our manufacturing facility in Bedford, England, and shifting the production of units manufactured there to China and to other lower-cost facilities. We have previously shifted the production of other products to our manufacturing facilities in China. Moving the production of products is difficult and involves significant risk. Problems establishing relationships with local materials suppliers; acquiring or adapting the new facility and its equipment to the production of new products; hiring, training and retaining personnel; and establishing and maintaining compliance with governmental regulations and industry standards can cause delays and inefficiencies which could have a material negative impact on our financial performance. We also currently rely on a number of significant third-party manufacturers to produce certain of our professional diagnostics. Any event which negatively impacts our manufacturing facilities, our manufacturing systems or equipment, or our contract manufacturers or

suppliers, including, among others, wars, terrorist activities, natural disasters and outbreaks of infectious disease, could delay or suspend shipments of products or the release of new products or could result in the delivery of inferior products. Our revenues from the affected products would decline or we could incur losses until such time as it is able to restore its production processes or put in place alternative contract manufacturers or suppliers.

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Even though we carry business interruption insurance policies, we may suffer losses as a result of business interruptions that exceed the coverage available under our insurance policies.

We may experience difficulties that may delay or prevent our development, introduction or marketing of new or enhanced products or services.

We intend to continue to invest in product and technology development. The development of new or enhanced products or services is a complex and uncertain process. We may experience research and development, manufacturing, marketing and other difficulties that could delay or prevent our development, introduction or marketing of new products, services or enhancements. We cannot be certain that:

Ø any of the products or services under development will prove to be effective in clinical trials;

Ø any products or services under development will not infringe on intellectual property rights of others;

Ø we will be able to obtain, in a timely manner or at all, regulatory approval to market any of our products or services that are in development or contemplated;

Ø the products and services we develop can be manufactured or provided at acceptable cost and with appropriate quality; or

Ø these products and services, if and when approved, can be successfully marketed.

The factors listed above, as well as manufacturing or distribution problems, or other factors beyond our control, could delay new product or service launches. In addition, we cannot assure you that the market will accept these products and services. Accordingly, there is no assurance that our overall revenue will increase if and when new products or services are launched.

If the results of clinical studies required to gain regulatory approval to sell our products are not available when expected or do not demonstrate the anticipated safety and effectiveness of those potential products, we may not be able to sell future products and our sales could be adversely affected.

Before we can sell certain of our products, we must conduct clinical studies intended to demonstrate that our potential products are safe, effective, and perform as expected. The results of these clinical studies are used as the basis to obtain regulatory approval from government authorities such as the Food and Drug Administration, or FDA. Clinical studies are experiments conducted using potential products and human patients having the diseases or medical conditions that the product is trying to evaluate or diagnose. Conducting clinical studies is a complex, time-consuming and expensive process. In some cases, we may spend several years completing certain studies.

If we fail to adequately manage our clinical studies, those clinical studies and corresponding regulatory approvals may be delayed or we may fail to gain approval for our potential product candidates altogether. Even if we successfully manage our clinical studies, we may not obtain favorable results and may not be able to obtain regulatory approval. If we are unable to market and sell our new products or are unable to obtain approvals in the timeframe needed to execute our product strategies, our business and results of operations would be materially and adversely affected.

If we are unable to obtain required clearances or approvals for the commercialization of our products in the United States, we may not be able to sell future products and our sales could be adversely affected.

Our future performance depends on, among other matters, our estimates as to when and at what cost we will receive regulatory approval for new products. Regulatory approval can be a lengthy, expensive and uncertain process, making the timing, cost and ability to obtain approvals difficult to predict. In addition, regulatory processes are subject to change, and new or changed regulations can result in increased costs and unanticipated delays.

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In the United States, clearance or approval to commercially distribute new medical devices is received from the FDA through clearance of a Premarket Notification, or 510(k), or through approval of a Premarket Approval, or PMA. To receive 510(k) clearance, a new product must be substantially equivalent to a medical device first marketed in interstate commerce prior to May 1976. The FDA may determine that a new product is not substantially equivalent to a device first marketed in interstate commerce prior to May 1976 or that additional information is needed before a substantial equivalence determination can be made. A not substantially equivalent determination, or a request for additional information, could prevent or delay the market introduction of new products that fall into this category. The 510(k) clearance and PMA review processes can be expensive, uncertain and lengthy. It generally takes from three to five months from submission to obtain 510(k) clearance, and from six to eighteen months from submission to obtain a PMA approval; however, it may take longer, and 510(k) clearance or PMA approval may never be obtained.

Modifications or enhancements that could significantly affect safety or effectiveness, or constitute a major change in the intended use of the device, require new 510(k) or PMA submissions. We have made modifications to some of our products since receipt of initial 510(k) clearance or PMA. With respect to several of these modifications, we filed new 510(k)s describing the modifications and received FDA 510(k) clearance. We have made other modifications to some of our products that we believe do not require the submission of new 510(k)s or PMAs. The FDA may not agree with any of our determinations not to submit a new 510(k) or PMA for any of these modifications made to our products. If the FDA requires us to submit a new 510(k) or PMA for any device modification, we may be prohibited from marketing the modified products until the new submission is cleared by the FDA.

We are also subject to applicable regulatory approval requirements of the foreign countries in which we sell products, which are costly and may prevent or delay us from marketing our products in those countries.

In addition to regulatory requirements in the United States, we are subject to the regulatory approval requirements for each foreign country to which we export our products. In the European Union, regulatory compliance requires affixing the CE mark to product labeling. Although our products are currently eligible for CE marking through self-certification, this process can be lengthy and expensive. In Canada, as another example, our products require approval by Health Canada prior to commercialization, along with International Standards Organization, or ISO, 13485/CMDCAS certification. It generally takes from three to six months from submission to obtain a Canadian Device License. Any changes in foreign approval requirements and processes may cause us to incur additional costs or lengthen review times of our products. We may not be able to obtain foreign regulatory approvals on a timely basis, if at all, and any failure to do so may cause us to incur additional costs or prevent us from marketing our products in foreign countries, which may have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with on-going regulations applicable to our businesses may result in significant costs or, in certain circumstances, the suspension or withdrawal of previously obtained clearances or approvals.

Our businesses are extensively regulated by the FDA and other federal, state and foreign regulatory agencies. These regulations impact many aspects of our operations, including manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion and record keeping. For example, our manufacturing facilities and those of our suppliers and distributors are, or can be, subject to periodic regulatory inspections. The FDA and foreign regulatory agencies may require post-marketing testing and surveillance to monitor the effects of approved products or place conditions on any product approvals that could restrict the commercial applications of those products. In addition, the subsequent discovery of previously unknown problems with a product may result in restrictions on the

product, including withdrawal of the product from the market. We are also subject to routine inspection by the FDA and certain state agencies for compliance with the Quality System Regulation and Medical Device Reporting requirements in the United States and other applicable

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regulations worldwide, including but not limited to ISO requirements. Certain portions of our health management business are subject to unique licensing or permit requirements. For example, we may be required to obtain certification to participate in governmental payment programs, such as state Medicaid programs, we may need an operating license in some states, and some states have established Certificate of Need programs regulating the expansion of healthcare operations. In addition, we believe certain of our health management services are educational in nature, do not constitute the practice of medicine or provision of healthcare, and thus do not require that we maintain federal or state licenses to provide such services. However, it is possible that federal or state laws regarding the provision of virtual or telephonic medicine could be revised or interpreted to include our services, or that other laws may be enacted which require licensure or otherwise relate to our health management services. In such event, we may incur significant costs to comply with such laws and regulations. In addition, we are subject to numerous federal, state and local laws relating to such matters as privacy, healthcare kickbacks and false claims, safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances. We may incur significant costs to comply with these laws and regulations. If we fail to comply with applicable regulatory requirements, we may be subject to fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products or injunctions against our distribution, termination of our service agreements by our customers, disgorgement of money, operating restrictions and criminal prosecution.

New federal or state laws may be enacted, or regulatory agencies may also impose new or enhanced standards that would increase our costs as well as the risks associated with non-compliance. For example, our manufacturing facilities for nutritional supplements will be subject to new Good Manufacturing Practices, or GMP, standards starting mid-2009. While our manufacturing facilities for nutritional supplements have been subjected to, and passed, third-party inspections assessing GMP compliance, the on-going compliance required in order to meet GMP standards could involve additional costs and could present new risks associated with any failure to comply with the regulations in the future. In addition, the federal government recently enacted the Genetic Information Non-discrimination Act of 2008 (GINA), and we may incur additional costs in assisting our customers with their efforts to comply with GINA while continuing to offer certain of our services.

Healthcare reform legislation could adversely affect our revenue and financial condition.

In recent years, there have been numerous initiatives on the federal and state levels for comprehensive reforms affecting the payment for, the availability of and reimbursement for healthcare services in the United States. These initiatives have ranged from proposals to fundamentally change federal and state healthcare reimbursement programs, including providing comprehensive healthcare coverage to the public under governmental funded programs, to minor modifications to existing programs. In particular, federal legislation has reduced or significantly altered Medicare and Medicaid reimbursements. Legislative and regulatory bodies are likely to continue to pursue healthcare reform initiatives and may continue to reduce the funding of the Medicare and Medicaid programs, including Medicare Advantage, in an effort to reduce overall federal healthcare spending. The ultimate content or timing of any future healthcare reform legislation, and its impact on us, is impossible to predict. If significant reforms are made to the healthcare system in the United States, or in other jurisdictions, those reforms may have an adverse effect on our financial condition and results of operations.

If we deliver products with defects, our credibility may be harmed, market acceptance of our products may decrease and we may be exposed to liability in excess of our product liability insurance coverage.

The manufacturing and marketing of professional and consumer diagnostics involve an inherent risk of product liability claims. For example, a defect in one of our diagnostic products may cause the product to report inaccurate information, such as a false positive result, a false negative result or an error message. In addition, our product development and production are extremely complex and could expose

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our products to defects. Any defects could harm our credibility and decrease market acceptance of our products. In addition, our marketing of monitoring services and vitamins and nutritional supplements may cause us to be subjected to various product liability claims, including, among others, claims that inaccurate monitoring results lead to injury or death or that the vitamins and nutritional supplements have inadequate warnings concerning side effects and interactions with other substances. Potential product liability claims may exceed the amount of our insurance coverage or may be excluded from coverage under the terms of the policy. In the event that we are held liable for a claim for which we are not indemnified, or for damages exceeding the limits of our insurance coverage, that claim could materially damage our business and financial condition.

The effect of market saturation may negatively affect the sales of our products, including our Triage BNP tests.

Our meter-based Triage BNP test, launched domestically in January 2001, was the first blood test available to aid in the detection of heart failure and benefited from a first-to-market position until the entry of direct competition in June 2003. As the acute care and initial diagnosis market segment for BNP testing in the U.S. hospital setting becomes saturated, unless we are able to successfully introduce new products into the market and achieve market acceptance of those products in a timely manner, we expect the growth rates of sales unit volume for our Triage BNP tests in 2009 and future periods to be lower than the growth rates experienced over the past several years. In addition, as the market for BNP testing matures and more competitive products become available, the average sales price for the Triage BNP tests is likely to decline, which will adversely impact our product sales, gross margins and our overall financial results.

The health management business is a relatively new component of the overall healthcare industry.

The health management services provided by our Alere health management business and our subsidiary Quality Assured Services, Inc., or QAS, are relatively new components of the overall healthcare industry. Accordingly, our health management customers have not had significant experience in purchasing, evaluating or monitoring such services, which can result in a lengthy sales cycle. The success of our health management business depends on a number of factors. These factors include:

Ø our ability to differentiate our health management services from those of our competitors;

Ø the extent and timing of the acceptance of our services as a replacement for, or supplement to, traditional managed care offerings;

Ø the effectiveness of our sales and marketing and engagement efforts with customers and their health plan participants;

Ø our ability to sell and implement new and additional services beneficial to health plans and employers and their respective participants or employees;

Ø our ability to achieve, measure and effectively communicate cost savings for health plans and employers through the use of our services; and

Ø our ability to retain health plan and employee accounts as competition increases.

Since the health management business is continually evolving, we may not be able to anticipate and adapt to the developing market. Moreover, we cannot predict with certainty the future growth rate or the ultimate size of the market.

Increasing health insurance premiums and co-pays may cause individuals to forgo health insurance and avoid medical attention, either of which may reduce demand for our products and services.

Health insurance premiums and co-pays have generally increased in recent years. Increased premiums may cause individuals to forgo health insurance, as well as medical attention. This may reduce demand for our point-of-care diagnostic products and also reduce the number of lives managed by our health management

programs. Increased co-pays may cause insured individuals to forgo medical attention thereby reducing demand for our professional diagnostic tests, as well as revenues under certain health management programs.

Our health management business may be adversely affected by cost reduction pressures among our customers.

Our customers continue to face cost reduction pressures that may cause them to curtail their use of, or reimbursement for, health management services, to negotiate reduced fees or other concessions or to delay payment. In addition, the loss of jobs due to the recent economic crisis may cause the number of lives we manage to decrease. These financial pressures could have an adverse impact on our business.

Rising unemployment may negatively impact the collectibility of uninsured accounts and patient due accounts and/or reduce total health plan populations.

One of the primary collection risks of our health management business accounts receivable relates to uninsured patient accounts and patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. As unemployment rates rise nationally, these uninsured and patient due accounts could make up a greater percentage of the health management business accounts receivable. Deterioration in the collectibility of these accounts could adversely affect the health management business collection of accounts receivable, cash flows and results of operations.

Additionally, certain of our health management contracts provide reimbursement to us based on total relevant populations managed by health plans. As unemployment rates rise, certain of our revenues may be reduced under these contracts as managed lives may decrease.

If we are unable to retain and negotiate favorable contracts with managed care plans, our revenues may be reduced.

The ability of our health management business to obtain favorable contracts with health maintenance organizations, preferred provider organizations and other managed care plans significantly affects the revenues and operating results of our health management business. The business future success will depend, in part, on its ability to retain and renew its managed care contracts and to enter into new managed care contracts on terms favorable to us. If the health management business is unable to retain and negotiate favorable contracts with managed care plans, our revenues may be reduced.

A portion of our health management fees are contingent upon performance.

Some of our existing health management agreements contain savings or other guarantees, which provide that our revenues, or a portion of them, are contingent upon projected cost savings or other quality performance measures related to our health management programs. There is no guarantee that we will accurately forecast cost savings and clinical outcome improvements under our health management agreements or meet the performance criteria necessary to recognize potential revenues under the agreements. Additionally, untimely, incomplete or inaccurate data from our customers, or flawed analysis of such data, could have a material adverse impact on our ability to recognize revenues.

If our costs of providing health management services increase, we may not be able to pass these cost increases on to our customers.

Many of our health management services are provided pursuant to long-term contracts that we may not be able to re-negotiate. If our costs increase, we may not be able to increase our prices, which would adversely affect results of operations. Accordingly, any increase in our costs could reduce our overall profit margin.

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Demands of non-governmental payers may adversely affect our growth in revenues.

Our ability to negotiate favorable contracts with non-governmental payers, including managed care plans, significantly affects the revenues and operating results of our health management business. These non-governmental payers increasingly are demanding discounted fee structures, and the trend toward consolidation among non-governmental payers tends to increase their bargaining power over fee structures. Reductions in price increases or the amounts received from managed care, commercial insurance or other payers could have a material, adverse effect on the financial position and results of operations of our health management business.

Our data management and information technology systems are critical to maintaining and growing our business.

Our businesses, and in particular our health management business, are dependent on the effective use of information technology and, consequently, technology failure or obsolescence may negatively impact our businesses. In addition, data acquisition, data quality control, data security, and data analysis, which are a cornerstone of our health management programs, are intense and complex processes subject to error. Untimely, incomplete or inaccurate data, flawed analysis of such data or our inability to properly integrate, implement and update systems could have a material adverse impact on our business and results of operations.

Our sales of branded nutritional supplements have been trending downward since 1998 due to the maturity of the market segments they serve and the age of that product line, and we may experience further declines in sales and/or profitability of those products.

Our aggregate sales of all of our brand name nutritional products, including, among others, Ferro-Sequels, Stresstabs, Protegra, Posture, SoyCare, ALLBEE and Z-BEC, have declined each year since 1998 through the year 2008, except in 2002 when they increased slightly as compared to 2001. We believe that these products have under-performed because they are, for the most part, aging brands with limited brand recognition that face increasing private label competition. The overall age of this product line means that we are subject to future distribution loss for under-performing brands, while its opportunities for new distribution on the existing product lines are limited. As a result, we do not expect significant sales growth of our existing brand name nutritional products, and we may experience further declines in overall sales of our brand name nutritional products in the future.

Our sales of specific vitamins and nutritional supplements could be negatively affected by media attention or other news developments that challenge the safety and effectiveness of those specific vitamins and nutritional supplements.

Most growth in the vitamin and nutritional supplement industry is attributed to new products that tend to generate greater attention in the marketplace than do older products. Positive media attention resulting from new scientific studies or announcements can spur rapid growth in individual segments of the market, and also affect individual brands. Conversely, news that challenges individual segments or products can have a negative impact on the industry overall, as well as on sales of the challenged segments or products. Most of our vitamin and nutritional supplement products serve well-established market segments and, absent unforeseen new developments or trends, are not expected to benefit from rapid growth. A few of our vitamin and nutritional supplement products are newer products that are more likely to be the subject of new scientific studies or announcements, which could be either positive or negative. News or other developments that challenge the safety or effectiveness of these products could negatively affect the

profitability of our vitamin and nutritional supplements business.

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Because sales of our private label nutritional supplements are generally made at low margins, the profitability of these products may suffer significantly as a result of relatively small increases in raw material or other manufacturing costs.

Sales of our private label nutritional supplements, which for the years ended December 31, 2008 and 2007 provided approximately 6% and 7%, respectively, of our net product sales, generate low profit margins. We rely on our ability to efficiently mass produce nutritional supplements in order to make meaningful profits from these products. Changes in raw material or other manufacturing costs can drastically cut into or eliminate the profits generated from the sale of a particular product. For the most part, we do not have long-term supply contracts for our required raw materials and, as a result, our costs can increase with little notice. The private label nutritional supplements business is also highly competitive, such that our ability to raise prices as a result of increased costs is limited. Customers generally purchase private label products via purchase order, not through long-term contracts, and they often purchase these products from the lowest bidder on a product by product basis. The internet has enhanced price competition among private label manufacturers through the advent of on-line auctions, where customers will auction off the right to manufacture a particular product to the lowest bidder.

Our financial condition or results of operations may be adversely affected by international business risks.

We generate a significant percentage of our net revenue from outside the United States and a significant number of our employees, including manufacturing, sales, support and research and development personnel, are located in foreign countries, including England, Scotland, Japan, China, Australia, Germany and Israel. Conducting business outside the United States subjects us to numerous risks, including:

Ø increased costs or reduced revenue as a result of movements in foreign currency exchange rates;

Ø decreased liquidity resulting from longer accounts receivable collection cycles typical of foreign countries;

Ø lower productivity resulting from difficulties managing sales, support and research and development operations across many countries;

Ø lost revenues resulting from difficulties associated with enforcing agreements and collecting receivables through foreign legal systems;

Ø lost revenues resulting from the imposition by foreign governments of trade protection measures;

Ø higher cost of sales resulting from import or export licensing requirements;

Ø lost revenues or other adverse effects as a result of economic or political instability in or affecting foreign countries in which we sell our products or operate; and

Ø adverse effects resulting from changes in foreign regulatory or other laws affecting the sales of our products or our foreign operations.

Because our business relies heavily on foreign operations and revenues, changes in foreign currency exchange rates and our need to convert currencies may negatively affect our financial condition and results of operations.

Our business relies heavily on our foreign operations. Three of our four largest manufacturing operations are conducted outside the United States in Hangzhou and Shanghai, China; and Matsudo, Japan, and we also have manufacturing operations in the United Kingdom, Australia, South Africa and Israel. We also have significant research and development operations in Jena, Germany and Stirling, Scotland, as well as in the United Kingdom, Australia and Israel. In addition, approximately 28% of our net revenue was derived from sales outside the United States. Because of our foreign operations and foreign sales, we face exposure to movements in foreign currency exchange rates. Our primary exposures are related to the operations of our European and Asia Pacific subsidiaries and our manufacturing facilities in China and Japan. These exposures

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may change over time as business practices evolve and could result in increased costs or reduced revenue and could affect our actual cash flow.

Intense competition could reduce our market share or limit our ability to increase market share, which could impair the sales of our products and harm our financial performance.

The medical products industry is rapidly evolving, and developments are expected to continue at a rapid pace. Competition in this industry, which includes both our professional diagnostics and consumer diagnostics businesses, is intense and expected to increase as new products and technologies become available and new competitors enter the market. Our competitors in the United States and abroad are numerous and include, among others, diagnostic testing and medical products companies, universities and other research institutions.

Our future success depends upon maintaining a competitive position in the development of products and technologies in our areas of focus. Our competitors may:

- Ø develop technologies and products that are more effective than our products or that render our technologies or products obsolete or noncompetitive;
- Ø obtain patent protection or other intellectual property rights that would prevent us from developing potential products; or
- Ø obtain regulatory approval for the commercialization of our products more rapidly or effectively than we do.

Also, the possibility of patent disputes with competitors holding patent rights may limit or delay expansion possibilities for our diagnostic businesses and new product launches. In addition, many of our existing or potential competitors have or may have substantially greater research and development capabilities, clinical, manufacturing, regulatory and marketing experience and financial and managerial resources.

The market for the sale of vitamins and nutritional supplements is also highly competitive. This competition is based principally upon price, quality of products, customer service and marketing support. There are numerous companies in the vitamins and nutritional supplements industry selling products to retailers, such as mass merchandisers, drug store chains, independent drug stores, supermarkets, groceries and health food stores. As most of these companies are privately-held, we are unable to obtain the information necessary to assess precisely the size and success of these competitors. However, we believe that a number of our competitors, particularly manufacturers of nationally-advertised brand name products, are substantially larger than we are and have greater financial resources.

We could suffer monetary damages, incur substantial costs or be prevented from using technologies important to our products as a result of a number of pending legal proceedings.

We are involved in various legal proceedings arising out of our businesses, including those matters discussed in the section entitled Business Legal Proceedings. Because of the nature of our business, we may be subject at any particular time to commercial disputes, product liability claims, negligence claims or various other lawsuits arising in the ordinary course of our business, including infringement, employment or investor matters, and we expect that this will continue to be the case in the future. Such lawsuits generally seek damages, sometimes in substantial amounts, for commercial or personal injuries allegedly suffered and can include claims for punitive or other special damages. An

adverse ruling or rulings in one or more such lawsuits could, individually or in the aggregate, have a material adverse effect on our sales, operations or financial performance. In addition, we aggressively defend our patent and other intellectual property rights. This often involves bringing infringement or other commercial claims against third parties. These suits can be expensive and result in counterclaims challenging the validity of our patents and other rights. We cannot assure you that these lawsuits or any future lawsuits relating to our business will not have a material adverse effect on us.

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The rights we rely upon to protect the intellectual property underlying our products may not be adequate, which could enable third parties to use our technology and would reduce our ability to compete in the market.

Our success will depend in part on our ability to develop or acquire commercially valuable patent rights and to protect our intellectual property. Our patent position is generally uncertain and involves complex legal and factual questions. The degree of present and future protection for our proprietary rights is uncertain.

The risks and uncertainties that we face with respect to our patents and other proprietary rights include the following:

Ø the pending patent applications we have filed, or to which we have exclusive rights, may not result in issued patents or may take longer than we expect to result in issued patents;

Ø the claims of any patents which are issued may not provide meaningful protection;

Ø we may not be able to develop additional proprietary technologies that are patentable;

Ø the patents licensed or issued to us or our customers may not provide a competitive advantage;

Ø other parties may challenge patents or patent applications licensed or issued to us or our customers;

Ø patents issued to other companies may harm our ability to do business; and

Ø other companies may design around technologies we have patented, licensed or developed.

In addition to patents, we rely on a combination of trade secrets, non-disclosure agreements and other contractual provisions and technical measures to protect our intellectual property rights. Nevertheless, these measures may not be adequate to safeguard the technology underlying our products. If these measures do not protect our rights, third parties could use our technology and our ability to compete in the market would be reduced. In addition, employees, consultants and others who participate in the development of our products may breach their agreements with us regarding our intellectual property, and we may not have adequate remedies for the breach. We also may not be able to effectively protect our intellectual property rights in some foreign countries. For a variety of reasons, we may decide not to file for patent, copyright or trademark protection or prosecute potential infringements of our patents. Our trade secrets may also become known through other means not currently foreseen by us. Despite our efforts to protect our intellectual property, our competitors or customers may independently develop similar or alternative technologies or products that are equal or superior to our technology and products without infringing on any of our intellectual property rights, or design around our proprietary technologies.

Claims by others that our products infringe on their proprietary rights could adversely affect our ability to sell our products and services and could increase our costs.

Substantial litigation over intellectual property rights exists in both the professional and consumer diagnostics industries. We expect that our products and services could be increasingly subject to third-party infringement claims, as the number of competitors grows and the functionality of products and technology in different industry segments overlaps. Third parties may currently have, or may eventually be issued, patents which our products and services or technology may infringe. Any of these third parties might make a claim of infringement against us. Any litigation

could result in the expenditure of significant financial resources and the diversion of management s time and resources. In addition, litigation in which we are accused of infringement may cause negative publicity, have an impact on prospective customers, cause product delays, require us to develop non-infringing technology, make substantial payments to third parties or enter into royalty or license agreements, which may not be available on acceptable terms, or at all. If a successful claim of infringement were made against us and we could not develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, we may be forced to stop selling current products or abandon new products under development and we could be exposed to legal actions by our customers.

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We have initiated, and may need to further initiate, lawsuits to protect or enforce our patents and other intellectual property rights, which could be expensive and, if we lose, could cause us to lose some of our intellectual property rights, which would reduce our ability to compete in the market.

We rely on patents to protect a portion of our intellectual property and our competitive position. In order to protect or enforce our patent rights, we may initiate patent litigation against third parties, such as infringement suits or interference proceedings. Litigation may be necessary to:

Ø assert claims of infringement;

Ø enforce our patents;

Ø protect our trade secrets or know-how; or

Ø determine the enforceability, scope and validity of the proprietary rights of others.

Currently, we have initiated a number of lawsuits against competitors whom we believe to be selling products that infringe our proprietary rights. These current lawsuits and any other lawsuits that we initiate could be expensive, take significant time and divert management s attention from other business concerns. Litigation also puts our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing. Additionally, we may provoke third parties to assert claims against us.

Patent law relating to the scope of claims in the technology fields in which we operate is still evolving and, consequently, patent positions in our industry are generally uncertain. We may not prevail in any of these suits and the damages or other remedies awarded, if any, may not be commercially valuable. During the course of these suits, there may be public announcements of the results of hearings, motions and other interim proceedings or developments in the litigation. If securities analysts or investors perceive any of these results to be negative, the trading price of the notes may decline.

Non-competition obligations and other restrictions will limit our ability to take full advantage of our management team, the technology we own or license and our research and development capabilities.

Members of our management team have had significant experience in the diabetes field. In addition, technology we own or license may have potential applications to this field and our research and development capabilities could be applied to this field. However, in conjunction with our split-off from Inverness Medical Technology, Inc., or IMT, we agreed not to compete with IMT and Johnson & Johnson in the field of diabetes through 2011. In addition, our license agreement with IMT prevents us from using any of the licensed technology in the field of diabetes. As a result of these restrictions, we are limited in our ability to pursue opportunities in the field of diabetes at this time.

Our operating results may fluctuate due to various factors and as a result period-to-period comparisons of our results of operations will not necessarily be meaningful.

Factors relating to our business make our future operating results uncertain and may cause them to fluctuate from period to period. Such factors include:

- Ø the timing of new product announcements and introductions by us and our competitors;
- Ø market acceptance of new or enhanced versions of our products;
- Ø the extent to which our current and future products rely on rights belonging to third parties;
- Ø changes in manufacturing costs or other expenses;
- Ø competitive pricing pressures;
- Ø changes in healthcare reimbursement policies and amounts;
- Ø regulatory changes;

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- Ø the gain or loss of significant distribution outlets or customers;
- Ø increased research and development expenses;
- Ø liabilities and costs associated with litigation;
- Ø length of sales cycle and implementation process for new health management customers;
- Ø the costs and timing of any future acquisitions;
- Ø general economic conditions; or
- Ø general stock market conditions or other economic or external factors.

Because our operating results may fluctuate from quarter to quarter, it may be difficult for us or our investors to predict future performance by viewing historical operating results.

Period-to-period comparisons of our operating results may not be meaningful due to our acquisitions.

We have engaged in a number of acquisitions in recent years, which makes it difficult to analyze our results and to compare them from period to period. Significant acquisitions since 2006 include our acquisitions of the ACON business in the first territory in March 2006, Instant in March 2007, Biosite in June 2007, Cholestech in September 2007 and Matria in May 2008. Period-to-period comparisons of our results of operations may not be meaningful due to these acquisitions and are not indications of our future performance. Any future acquisitions will also make our results difficult to compare from period to period in the future.

The terms of the Series B Preferred Stock may limit our ability to raise additional capital through subsequent issuances of preferred stock.

For so long as any shares of Series B Preferred Stock remain outstanding, we are not permitted, without the affirmative vote or written consent of the holders of at least two-thirds of the Series B Preferred Stock then outstanding, to authorize or designate any class or series of capital stock having rights on liquidation or as to distributions (including dividends) senior to the Series B Preferred Stock. This restriction could limit our ability to plan for or react to market conditions or meet extraordinary capital needs, which could have a material adverse impact on our business.

RISKS RELATED TO THIS OFFERING

A default under any of the agreements governing our indebtedness could result in a default and acceleration of indebtedness under other agreements.

The agreements governing our indebtedness, including the credit agreements governing our secured credit facilities and the indentures governing the notes and the senior subordinated convertible notes, contain cross-default provisions whereby a default under one agreement could result in a default and acceleration of our repayment obligations under

other agreements. If a cross-default were to occur, we may not be able to pay our debts or borrow sufficient funds to refinance them. Even if new financing were available, it may not be on commercially reasonable terms or acceptable terms. If some or all of our indebtedness is in default for any reason, our business, financial condition and results of operations could be materially and adversely affected.

If we default on our obligations to pay our indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under our secured credit facilities, that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are

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otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including covenants in our secured credit facilities and the indenture governing the notes offered hereby), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our secured credit facilities could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our secured credit facilities to avoid being in default. If we breach our covenants under our secured credit facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our secured credit facilities, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

Your right to receive payments on the notes and the related guarantees is subordinated to our and our guarantor subsidiaries senior debt.

The indebtedness evidenced by the notes and the related guarantees are our senior subordinated obligations and those of our guarantor subsidiaries. The payment of the principal of, premium on, if any, and interest on the notes and the payment of the related subsidiary guarantees are each subordinate in right of payment, as set forth in the indenture governing the notes, to the prior payment in full of all of our senior indebtedness and obligations or the senior indebtedness and obligations of our subsidiary guarantors, as the case may be, including our obligations under, and the guarantee obligations of our guarantor subsidiaries with respect to, our secured credit facilities. Any future subsidiary guarantee of the notes will be similarly subordinated to the senior indebtedness and obligations of such guarantor subsidiary.

As of December 31, 2008, we had approximately $1.37 billion of senior debt outstanding, including approximately $1.35 billion of debt in aggregate principal amount of indebtedness outstanding under our secured credit facilities. Any additional borrowings pursuant to our existing or future credit facilities would also be senior indebtedness if incurred. Although the indenture governing the notes contains limitations on the amount of additional indebtedness that we may incur, under certain circumstances the amount of such indebtedness could be substantial and, in any case, such indebtedness may be senior indebtedness. See Description of Notes Certain Covenants Limitations on Additional Indebtedness.

Because the notes are unsecured and because of the subordination provisions of the notes, in the event of our bankruptcy, liquidation or dissolution, or that of any subsidiary guarantor, our assets and the assets of the subsidiary guarantors would be available to pay obligations under the notes only after all payments had been made on our and the subsidiary guarantors senior indebtedness, including under our secured credit facilities. We cannot assure you that, after all these payments have been made, sufficient assets will remain to make any payments on the notes, including payments of interest when due. These subordination provisions may cause you to recover less ratably than our other creditors in a bankruptcy, liquidation or dissolution. In addition, all payments on the notes and the related guarantees will be prohibited in the event of a payment default on certain senior indebtedness as designated under the indenture governing the notes, including our secured credit facilities, and may be prohibited for up to 180 days in the event of non-payment defaults on certain of our senior indebtedness, including the secured credit facilities. See Description of Notes Ranking of the Notes and the Guarantees.

The notes are not secured by our assets or those of our guarantor subsidiaries.

The notes and the related guarantees are our and our guarantor subsidiaries general unsecured obligations and are effectively subordinated in right of payment to all of our and our guarantor subsidiaries secured indebtedness and obligations, including secured obligations that are otherwise subordinated. Accordingly, our

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secured indebtedness and obligations, including secured obligations that are otherwise subordinated, would effectively be senior to the notes to the extent of the value of the collateral securing that indebtedness.

Your right to receive payment on the notes will be structurally subordinated to the obligations of our non-guarantor subsidiaries.

Some of our existing and future domestic subsidiaries will guarantee our obligations under the notes. However, our foreign subsidiaries and our other domestic subsidiaries will not be required by the indenture to guarantee the notes. Our non-guarantor subsidiaries are separate and distinct legal entities with no obligation to pay any amounts due pursuant to the notes or the guarantees of the notes or to provide us or the guarantors with funds for our payment obligations. Our cash flow and our ability to service our debt, including the notes, depend in part on the earnings of our non-guarantor subsidiaries and on the distribution of earnings, loans or other payments to us by these subsidiaries. For the fiscal year ended December 31, 2008, our subsidiaries that will not guarantee the notes (which includes all of our foreign subsidiaries and certain of our domestic subsidiaries) had net revenues of approximately $499 million, or approximately 29.9% of our consolidated 2008 revenues, and operating income of approximately $13.2 million, or approximately 20.7% of our consolidated 2008 operating income. As of December 31, 2008, our subsidiaries that will not guarantee the notes had assets of approximately $1,157 million, or approximately 19.4% of our consolidated assets. Payments to us or a guarantor subsidiary by these non-guarantor subsidiaries will be contingent upon their earnings and their business considerations.

The notes will be structurally subordinated to all current and future liabilities, including trade payables, of our subsidiaries that do not guarantee the notes, and the claims of creditors of those subsidiaries, including trade creditors, will have priority as to the assets and cash flows of those subsidiaries. In the event of a bankruptcy, liquidation, dissolution or similar proceeding of any of the non-guarantor subsidiaries, holders of their liabilities, including their trade creditors, will generally be entitled to payment on their claims from assets of those subsidiaries before any assets are made available for distribution to us or our guarantor subsidiaries. As of December 31, 2008, the non-guarantor subsidiaries had approximately $467.8 million of total indebtedness and other liabilities, including trade payables but excluding intercompany liabilities.

The lenders under our secured credit facilities will have the discretion to release the guarantors under the secured credit facilities in a variety of circumstances, which will cause those guarantors to be released from their guarantees of the notes.

While any obligations under our secured credit facilities remain outstanding, any guarantee of the notes may be released without action by, or consent of, any holder of the notes or the trustee under the indenture governing the notes offered hereby if the related guarantor is no longer a guarantor of obligations under the secured credit facilities or certain other indebtedness. See Description of Notes Guarantees of the Notes. The lenders under the secured credit facilities or such other indebtedness will have the discretion to release the guarantees under the secured credit facilities in a variety of circumstances. You will not have a claim as a creditor against any subsidiary that is no longer a guarantor of the notes.

If we undergo a change of control, we may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture governing the notes, which would violate the terms of the notes.

Upon the occurrence of a change of control, as defined in the indenture governing the notes, holders of the notes will have the right to require us to purchase all or any part of such holders notes at a price equal to

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101% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but excluding) the date of purchase. The events that constitute a change of control under the indenture may also constitute:

- a default under our secured credit facilities, which prohibit the purchase of the notes by us in the event of certain changes of control, unless and until our indebtedness under the secured credit facilities is repaid in full; and

- a fundamental change under the indenture governing our senior subordinated convertible notes, which would give the holders of the senior subordinated convertible notes the right to require us to purchase all or any part of such notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

There can be no assurance that either we or our guarantor subsidiaries would have sufficient financial resources available to satisfy all of our or their obligations under the notes or the related guarantees, our secured credit facilities or our senior subordinated convertible notes in the event of a change of control. Our failure to purchase the notes as required under the indenture governing the notes would result in a default under that indenture, the indenture governing the senior subordinated convertible notes and under our secured credit facilities, each of which could have material adverse consequences for us and the holders of the notes. See Description of Notes Change of Control.

The trading prices of the notes will be directly affected by our ratings with major credit rating agencies, the prevailing interest rates being paid by companies similar to us, and the overall condition of the financial and credit markets.

The trading prices of the notes in the secondary market will be directly affected by our ratings with major credit rating agencies, the prevailing interest rates being paid by companies similar to us, and the overall condition of the financial and credit markets. It is impossible to predict the prevailing interest rates or the condition of the financial and credit markets. Credit rating agencies continually revise their ratings for companies that they follow, including us. Any ratings downgrade could adversely affect the trading price of the notes or the trading market for the notes, to the extent a trading market for the notes develops. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future.

A subsidiary guarantee could be voided if it constitutes a fraudulent transfer under U.S. bankruptcy or similar state law, which would prevent the holders of the notes from relying on that subsidiary to satisfy claims.

The notes will be guaranteed by some of our domestic subsidiaries that are guarantors or borrowers under our secured credit facilities. The guarantees may be subject to review under U.S. federal bankruptcy law and comparable provisions of state fraudulent conveyance laws if a bankruptcy or another similar case or lawsuit is commenced by or on behalf of our or a guarantor subsidiary s unpaid creditors or another authorized party. Under these laws, if a court were to find that, at the time any guarantor subsidiary issued a guarantee of the notes, either it issued the guarantee to delay, hinder or defraud present or future creditors, or it received less than reasonably equivalent value or fair consideration for issuing the guarantee and at the time:

- it was insolvent or rendered insolvent by reason of issuing the guarantee;

- it was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital to carry on its business;

- it intended to incur, or believed that it would incur, debts beyond its ability to pay as they mature; or
- it was a defendant in an action for money damages, or had a judgment for money damages docketed against it if, in either case, after final judgment, the judgment is unsatisfied,

then the court could void the obligations under the guarantee, subordinate the guarantee of the notes to other debt or take other action detrimental to holders of the notes.

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We cannot be sure as to the standard that a court would use to determine whether a guarantor subsidiary was solvent at the relevant time, or, regardless of the standard that the court uses, that the issuance of the guarantees would not be voided or that the guarantees would not be subordinated to other debt. If such a case were to occur, the guarantee could also be subject to the claim that, since the guarantee was incurred for our benefit, and only indirectly for the benefit of the guarantor subsidiary, the obligations of the applicable guarantor subsidiary were incurred for less than fair consideration. A court could thus void the obligations under the guarantee, subordinate the guarantee to the applicable guarantor subsidiary s other debt or take other action detrimental to holders of the notes. If a court were to void a guarantee, you would no longer have a claim against the guarantor subsidiary. Sufficient funds to repay the notes may not be available from other sources, including the remaining guarantor subsidiaries, if any. In addition, the court might direct you to repay any amounts that you already received from or are attributable to the guarantor subsidiary.

Each subsidiary guarantee contains a provision intended to limit the guarantor subsidiary s liability to the maximum amount that it could incur without causing the incurrence of obligations under its subsidiary guarantee to be a fraudulent transfer. This provision may not be effective to protect the subsidiary guarantees from being voided under fraudulent transfer law.

If a bankruptcy petition were filed by or against us, holders of notes may receive a lesser amount for their claim than they would have been entitled to receive under the indenture governing the notes.

If a bankruptcy petition were filed by or against us under the U.S. Bankruptcy Code after the issuance of the notes, the claim by any holder of the notes for the principal amount of the notes may be limited to an amount equal to the sum of:

Ø the original issue price for the notes; and

Ø that portion of the original issue discount that does not constitute unmatured interest for purposes of the U.S. Bankruptcy Code.

Any original issue discount that was not accreted as of the date of the bankruptcy filing would constitute unmatured interest. Accordingly, holders of the notes under these circumstances may receive a lesser amount than they would be entitled to receive under the terms of the indenture governing the notes, even if sufficient funds are available.

Because the notes will be issued with original issue discount, holders will be required to pay tax on amounts included in gross income before cash payments with respect to the original issue discount are received.

The notes will be issued with original issue discount for U.S. federal income tax purposes. Consequently, U.S. holders will be required to include such original issue discount in their gross income for U.S. federal income tax purposes as it accrues, regardless of their method of tax accounting. U.S. holders should be aware that the amount of interest (including original issue discount) that a U.S. holder is required to include in gross income for each year for U.S. federal income tax purposes will exceed the amount of cash interest that is received by the holder during each such year. Special rules will apply to a holder that is not a U.S. person for U.S. federal income tax purposes. All holders should read the section entitled Material U.S. Federal Income Tax Consequences regarding the tax consequences of the purchase, ownership and disposition of the notes.

Interest on the notes may not be deductible by us for United States federal income tax purposes.

The deductibility of interest is subject to many limitations under the Internal Revenue Code. We may not be able to deduct, in whole or in part, the interest on the notes. The availability of an interest deduction on the notes was not determinative in our issuance of the notes.

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Since we have broad discretion in how we use the proceeds from this offering, we may use the proceeds in ways with which you disagree.

We intend to use a portion of the net proceeds from this offering for general corporate purposes. Except as otherwise described in Use of Proceeds, we have not allocated specific amounts of the net proceeds from this offering for any specific purpose. Accordingly, our management will have significant flexibility in applying the net proceeds from this offering. You will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity as part of your investment decision to assess whether the proceeds are being used appropriately. It is possible that the net proceeds from this offering will be invested in a way that does not yield a favorable, or any, return for us. The failure of our management to use such funds effectively could have a material adverse effect on our business, financial condition, operating results and cash flow.

There may be no active trading market for the notes.

The notes have been authorized for listing on the New York Stock Exchange, subject to notice of issuance. The underwriters have advised us that they intend to make a market for the notes, but they are not obligated to do so and may cease their market-making activities at any time. The liquidity of the trading market in the notes, if any, and any market price quoted for the notes, may be adversely affected by changes in the overall market for high-yield securities and by changes in our financial performance or prospects or in the financial performance or prospects of companies in our industry generally. As a result, no active trading market for the notes may develop or be maintained. If an active market does not develop or is not maintained, the market price and liquidity of the notes may be adversely affected. Moreover, notes frequently trade in blocks of large principal amounts, and retail and other small investors may have limited liquidity for positions consisting of only a small principal amount of notes.

Certain covenants contained in the indenture will not be applicable during any period in which the notes are rated investment grade.

The indenture governing the notes will provide that certain covenants will not apply to us during any period in which the notes are rated investment grade by both Standard & Poor s and Moody s and no default has otherwise occurred and is continuing under the indenture. The covenants that would be suspended include, among others, limitations on our and our restricted subsidiaries ability to pay dividends, incur additional indebtedness, sell certain assets and enter into certain other transactions. Any actions that we take while these covenants are not in force will be permitted even if the notes are subsequently downgraded below investment grade and such covenants are subsequently reinstated. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, the notes will maintain such ratings. See Description of Notes Certain Covenants Suspension of Covenants.

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Special note regarding forward-looking statements

This prospectus supplement and the accompanying prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. You can identify these statements by forward-looking words such as may, could, should, would, intend will, expect, anticipate, believe, estimate, continue or similar words. You should read statements that contain words carefully because they discuss our future expectations, contain projections of our future results of operations or of our financial condition or state other forward-looking information. There may be events in the future that we are unable to predict accurately or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. We caution investors that all forward-looking statements involve risks and uncertainties, and actual results may differ materially from those we discuss in this prospectus supplement and the accompanying prospectus. These differences may be the result of various factors, including the factors identified in the section entitled Risk Factors in this prospectus supplement, the factors identified in the section entitled Risk Factors in our Annual Report on Form 10-K/A for the year ended December 31, 2008 and other factors identified from time to time in our periodic filings with the SEC. Some important factors that could cause our actual results to differ materially from those projected in any such forward-looking statements are as follows:

- our inability to predict the effects of the current national and worldwide financial and economic crisis, including disruptions in the capital and credit markets;

- our inability to predict the effects of anticipated United States national healthcare reform legislation and similar initiatives in other countries;

- economic factors, including inflation and fluctuations in interest rates and foreign currency exchange rates, and the potential effect of such fluctuations on revenues, expenses and resulting margins;

- competitive factors, including technological advances achieved and patents attained by competitors and general competition;

- domestic and foreign healthcare changes resulting in pricing pressures, including the continued consolidation among healthcare providers, trends toward managed care and healthcare cost containment and government laws and regulations relating to sales and promotion, reimbursement and pricing generally;

- government laws and regulations affecting domestic and foreign operations, including those relating to trade, monetary and fiscal policies, taxes, price controls, regulatory approval of new products, licensing and environmental protection;

- manufacturing interruptions, delays or capacity constraints or lack of availability of alternative sources for components for our products, including our ability to successfully maintain relationships with suppliers, or to put in place alternative suppliers on terms that are acceptable to us;

- difficulties inherent in product development, including the potential inability to successfully continue technological innovation, complete clinical trials, obtain regulatory approvals or clearances in the United States and abroad and the possibility of encountering infringement claims by competitors with respect to patent or other intellectual property rights which can preclude or delay commercialization of a product;

- significant litigation adverse to us including product liability claims, patent infringement claims and antitrust claims;

- Ø product efficacy or safety concerns resulting in product recalls or declining sales;
- Ø the impact of business combinations and organizational restructurings consistent with evolving business strategies;

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- our ability to satisfy the financial covenants and other conditions contained in the agreements governing our indebtedness;
- our ability to effectively manage the integration of our acquisitions into our operations;
- our ability to obtain required financing on terms that are acceptable to us; and
- the issuance of new or revised accounting standards by the American Institute of Certified Public Accountants, the Financial Accounting Standards Board, the Public Company Accounting Oversight Board or the SEC.

The foregoing list provides many, but not all, of the factors that could impact our ability to achieve the results described in any forward-looking statement. Readers should not place undue reliance on our forward-looking statements. Before you invest in the notes, you should be aware that the occurrence of the events described above and elsewhere in this prospectus supplement or the accompanying prospectus could seriously harm our business, prospects, operating results and financial condition. We do not undertake any obligation to update any forward-looking statement as a result of future events or developments.

Market and industry data

Some of the market data and other statistical information used throughout this prospectus supplement is based on independent industry publications or other independent sources. Although we believe these sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness. Some market and industry information is also based on our good faith estimates, which are derived from our review of internal data, as well as the independent sources.

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Use of proceeds

We estimate that our net proceeds from the sale of the notes in this offering will be approximately $378,460,000, after deducting the underwriting discount and our estimated offering expenses.

We intend to use our net proceeds from the sale of the notes for working capital and other general corporate purposes, including the financing of potential acquisitions or other investments, if and when suitable opportunities arise, and for capital expenditures, in our sole discretion. We currently have no agreements or commitments to complete any material acquisition that we intend to fund using the net proceeds from this offering. We may use a portion of the net proceeds of this offering to pay some or all of our remaining obligations relating to our recently completed acquisition of the second territory business from ACON.

Due to the rapidly changing nature of the markets in which we operate, the amounts we actually spend on general corporate purposes will depend on a number of factors, including revenue growth, if any, and the amount of cash we generate from operations. Until allocated for specific use, we intend to invest our net proceeds from the sale of the notes in government securities and other short-term, investment-grade securities.

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Capitalization

The following table provides our cash and cash equivalents and our capitalization as of December 31, 2008:

Ø on an actual basis; and

Ø on an as-adjusted basis to give effect to the receipt of the estimated net proceeds of this offering, after deducting the underwriting discount and our estimated offering expenses.

The following table does not give any effect to the closing of our acquisition of the ACON second territory business on April 30, 2009. The final purchase price for the acquisition of the ACON second territory business will be based on the audited financial statements of ACON, which are not yet available. We currently expect that the purchase price for the ACON second territory business will be approximately $200.0 million, subject to adjustments, of which we paid $80.0 million on April 30, 2009. Depending on the results of the audit of ACON s financial statements, the final purchase price could be materially larger or smaller than our estimate. Not later than ten business days following the closing of this offering, we expect to pay approximately an additional $30.5 million in cash, based on the estimated purchase price. On July 1, 2009, we must pay an amount equal to approximately $59.5 million in shares of our common stock or, at our election, cash, based on the estimated purchase price. Such amount shall bear interest at the rate of 4% per annum from the closing date. The remainder of the purchase price will be due in two installments, each comprising 7.5% of the total purchase price, or approximately $15.0 million, based on the estimated purchase price, on the dates that are 15 and 30 months after the closing. These installment amounts do not bear interest, and we may pay up to approximately 29% of each of these payments in shares of our common stock.

The information in the table should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements, including the notes thereto, included elsewhere in this prospectus supplement and Management s Discussion and Analysis of Financial Condition and Results of Operations.

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Capitalization

	December 31, 2008	
	Actual	As adjusted
	(In thousands)	
Cash and cash equivalents	$ 141,324	$ 519,784
Debt:		
Revolving credit facility[1]	$ 142,000	$ 142,000
First lien term loan	960,750	960,750
Second lien term loan	250,000	250,000
Capital lease obligations	919	919
Other secured indebtedness	16,865	16,865
Total secured debt	1,370,534	1,370,534
3% convertible senior subordinated notes	150,000	150,000
Notes offered hereby		387,460
Total debt	1,520,534	1,907,994
Stockholders equity:		
Series B preferred stock, $0.001 par value (liquidation preference, $751,479), 2,300 shares authorized, 1,879 shares issued and outstanding	671,501	671,501
Common stock, $0.001 par value, 150,000 shares authorized, 78,431 shares issued and outstanding	78	78
Additional paid-in capital	3,029,694	3,029,694
Accumulated deficit	(393,590)	(393,590)
Accumulated other comprehensive (loss) income	(28,845)	(28,845)
Total stockholders equity	3,278,838	3,278,838
Total capitalization	$ 4,799,372	$ 5,186,832

(1) Our revolving credit facility provides for commitments of up to $150.0 million. As of December 31, 2008, we had outstanding borrowings under the revolving credit facility in the aggregate principal amount of $142.0 million.

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Selected consolidated financial information

The following tables provide our selected consolidated financial data as of the dates and for the periods shown. Our selected consolidated statement of operations data for the years ended December 31, 2006, 2007 and 2008 and our selected consolidated balance sheet data as of December 31, 2007 and 2008 are derived from our consolidated financial statements included elsewhere in this prospectus supplement, which have been audited by BDO Seidman, LLP, our independent registered public accounting firm, as indicated in their report. Our selected consolidated statement of operations data for the years ended December 31, 2004 and 2005 and our selected consolidated balance sheet data as of December 31, 2004, 2005 and 2006 are derived from our consolidated financial statements not included in this prospectus supplement, which have been audited by BDO Seidman, LLP, our independent registered public accounting firm. The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements, including the notes thereto, included elsewhere in this prospectus supplement and Management s Discussion and Analysis of Financial Condition and Results of Operations.

	For the year ended December 31,				
Statement of Operations Data:	**2008**	**2007**	**2006**	**2005**	**2004**
	(in thousands, except per share data)				
Net product sales	$ 1,240,138	$ 800,915	$ 552,130	$ 406,457	$ 365,432
Services revenue	405,462	16,646			
Net product sales and services revenue	1,645,600	817,561	552,130	406,457	365,432
License and royalty revenue	25,826	21,979	17,324	15,393	8,559
Net revenue	1,671,426	839,540	569,454	421,850	373,991
Cost of net product sales	624,654	431,403	334,799	264,999	223,669
Cost of services revenue	177,098	5,261			
Cost of license and royalty revenue	9,115	9,149	5,432	4,539	3,318
Cost of net revenue	810,867	445,813	340,231	269,538	226,987
Gross profit	860,559	393,727	229,223	152,312	147,004
Operating expenses:					
Research and development	111,828	69,547	48,706	30,992	31,954
Purchase of in-process research and development		173,825	4,960		
Sales and marketing	386,284	167,770	94,445	72,103	57,957
General and administrative	298,595	158,438	71,243	59,990	52,707
Loss on dispositions, net			3,498		
Operating income (loss)	63,852	(175,853)	6,371	(10,773)	4,386
Interest expense and other expenses, net, including amortization of original issue discounts and write-off of deferred	(103,356)	(74,251)	(17,822)	(1,617)	(18,707)

financing costs					
Loss before (benefit) provision for income taxes	(39,504)	(250,104)	(11,451)	(12,390)	(14,321)
(Benefit) provision for income taxes	(16,686)	(979)	5,727	6,819	2,275
Equity earnings of unconsolidated entities, net of tax	1,050	4,372	336		

(footnotes on following page)

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Selected consolidated financial information

	For the year ended December 31,				
	2008	2007	2006	2005	2004
	(in thousands, except per share data and ratios)				
Net loss	(21,768)	(244,753)	(16,842)	(19,209)	(16,596)
Preferred stock dividends	(13,989)				(749)
Net loss available to common stockholders[1]	$ (35,757)	$ (244,753)	$ (16,842)	$ (19,209)	$ (17,345)
Net loss per common share basic and diluted[1]	$ (0.46)	$ (4.75)	$ (0.49)	$ (0.79)	$ (0.87)
Other financial data:					
Ratio of earnings to fixed charges[2][3]	0.7x		0.6x	0.5x	0.4x
Ratio of earnings to combined fixed charges and preference dividends[2][3]	0.5x		0.6x	0.5x	0.4x

	December 31,				
Balance Sheet Data:	2008	2007	2006	2005	2004
	(in thousands)				
Cash and cash equivalents	$ 141,324	$ 414,732	$ 71,104	$ 34,270	$ 16,756
Working capital	$ 457,198	$ 674,066	$ 133,313	$ 84,523	$ 62,615
Total assets	$ 5,955,360	$ 4,880,759	$ 1,085,771	$ 791,166	$ 568,269
Total debt	$ 1,520,534	$ 1,387,849	$ 202,976	$ 262,504	$ 191,224
Total stockholders equity	$ 3,278,838	$ 2,586,667	$ 714,138	$ 397,308	$ 271,416

(1) Net loss available to common stockholders and basic and diluted net loss per common share are computed as described in Notes 2(n) and 15 of our consolidated financial statements included elsewhere in this prospectus supplement.

(2) For the purpose of computing our ratio of earnings to fixed charges, earnings consist of pre-tax income before adjustment for income from equity investees plus fixed charges (excluding capitalized interest). Fixed charges consist of interest expensed and capitalized, amortized premiums, discounts and capitalized expenses related to indebtedness and an estimate of the interest within rental expense. This ratio is adjusted to include preference dividends in the ratio of earnings to combined fixed charges and preference dividends. Preference dividends equal the amount of pre-tax earnings that is required to pay the dividends on outstanding preference securities.

(3)

Due to the net losses for the years ended December 31, 2008, 2007, 2006, 2005 and 2004, there were insufficient earnings of $38.1 million, $248.9 million, $11.8 million, $12.4 million and $14.3 million, respectively, to cover fixed charges, and $61.4 million, $248.9 million, $11.8 million, $12.4 million and $15.6 million, respectively, to cover fixed charges and preference dividends.

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Management s discussion and analysis of
financial condition and results of operations

You should read the following discussion in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this prospectus supplement. In addition to historical consolidated financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under Risk Factors and elsewhere in this prospectus supplement.

OVERVIEW

We enable individuals to take charge of improving their health and quality of life at home by developing new capabilities in near patient diagnosis, monitoring and health management. Our global leading products and services, as well as our new product development efforts, focus on cardiology, women s health, infectious disease, oncology, and drugs of abuse. With our 2007 acquisitions of Biosite, Cholestech, and HemoSense, we established our company as a leading supplier of cardiology diagnostic products. Our acquisitions of Biosite, Instant and Redwood during 2007 and Ameditech, Inc., or Ameditech, in 2008 enhanced our position in drugs of abuse testing. Additionally, with our December 2007 acquisition of Matritech, Inc., or Matritech, we also established a presence in oncology, by acquiring the unique NMP-22 ELISA and rapid point-of-care tests for the screening and monitoring of bladder cancer in conjunction with standard diagnostic procedures. We expect to continue to expand in all of these product categories through focused research and development projects and further development of our distribution capabilities.

During 2007 and 2008, we entered the growing health management market with our acquisitions of Alere Medical, ParadigmHealth and more recently, Matria. With the acquisition of Matria, we are now a leader in this field offering a broad range of services aimed at lowering costs for health plans, hospitals, employers and patients. Our health management services are focused in the areas of women s and children s health, cardiology and oncology. We are confident that our ability to offer near patient monitoring tools combined with value-added healthcare services will improve care and lower healthcare costs for both providers and patients. During the third quarter of 2008, we began efforts to consolidate the health management businesses under a single brand. Today, Matria, ParadigmHealth and Alere Medical, each a leader in their respective areas, are united as one business under the name Alere. Also, during the third quarter of 2008, we acquired an overseas health management business enabling us to establish a presence in the newly-developing international health management market.

Our research and development programs have two general focuses. We are developing new technology platforms that will facilitate our primary objective of enabling individuals to take charge of improving their health and quality of life by moving testing out of the hospital and central laboratory, and into the physician s office and ultimately the home. Additionally, through our strong pipeline of novel proteins or combinations of proteins that function as disease biomarkers, we are developing new tests targeted towards all of our areas of focus.

We continue to advance toward our goal of establishing a worldwide distribution network that will allow us to bring both our current and future diagnostic products to the global professional market. In addition, we continue to focus on improving our margins through consolidation of certain of our higher cost manufacturing operations into lower cost facilities, including our 300,000 square foot manufacturing facility located in Hangzhou, China, as well as our jointly-owned facility in Shanghai, China, and we are already seeing improved margins on some of our existing products that we have moved to these facilities. Our business integration activities remain on track and we have seen positive results from the integrations completed to date and as we continue to aggressively integrate acquired operations in order to achieve further synergies within expected timelines. During the second half of 2007, we began

implementation of a plan to

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Management s discussion and analysis of financial condition and results of operations

consolidate sales processing and certain other back-office services from seven of our U.S. operations into a shared services center, located in Orlando, Florida. This shared services center commenced operations at the beginning of the second quarter of 2008.

2008 FINANCIAL HIGHLIGHTS

Net revenue in 2008 of $1.7 billion increased by $831.9 million, or 99%, from $839.5 million in 2007. Net revenue increased primarily as a result of our professional diagnostics-related acquisitions which contributed $397.8 million of the increase. Additionally, net revenue increased as a result of our newly-formed health management segment which provided $357.6 million of incremental revenue and primarily included the activities of our recent acquisitions of QAS, Alere Medical, ParadigmHealth and Matria. Partially offsetting the increased revenue as a result of acquisitions was the decrease in revenue associated with the completion of our 50/50 joint venture (SPD) with P&G in May 2007 in which we transferred substantially all of the assets of our consumer diagnostics business, other than our manufacturing and core intellectual property assets. Upon completion of the arrangement to form the joint venture, we ceased to consolidate the operating results of our consumer diagnostics business related to the joint venture and instead account for our 50% interest in the results of the joint venture under the equity method of accounting in accordance with Accounting Principles Board, or APB, Opinion No. 18, The Equity Method of Accounting for Investments in Common Stock. Organic growth, particularly from our professional cardiology, infectious disease and drugs of abuse products, also contributed to the revenue growth, as well as higher license and royalty revenue.

Gross profit increased by $466.8 million, or 119%, to $860.6 million in 2008 from $393.7 million in 2007, principally as a result of gross profit earned on incremental revenue from acquired businesses, primarily in our professional diagnostics and health management businesses, as well as increased license and royalty revenue. Offsetting these increases was a decrease in our consumer diagnostics business gross margin, principally as a result of the formation of our 50/50 joint venture with P&G in May 2007. During 2008, gross profit was adversely impacted by a $17.9 million restructuring charge related to the closure of various manufacturing and operating facilities and a charge of $2.0 million associated with the write-up of inventory acquired to fair value in connection with two of our 2008 acquisitions. Gross profit in 2007 was adversely impacted by a $2.0 million charge associated with our various restructuring plans and a charge of $8.2 million associated with the write-up of inventory acquired to fair value in connection with three of our 2007 acquisitions.

We continue to invest aggressively in research and development of new products and technologies as evidenced by our increased research and development expense of $111.8 million in 2008, from $69.5 million in 2007. Expenditures in 2007 are reported net of $18.5 million arising from the co-development funding arrangement that we entered into with ITI Scotland Limited, or ITI, in February 2005. Research and development expense before considering the co-development funding was $88.0 million in 2007. The increase in spending resulted principally from expenditures related to our cardiology research programs. Offsetting these increases was the favorable impact of the 50/50 joint venture with P&G. Our co-development funding arrangement with ITI expired in the first quarter of 2008. The final payment under this agreement was received and earned in the fourth quarter of 2007, and as such, no funding was earned in 2008.

RESULTS OF OPERATIONS

Year ended December 31, 2008 compared to year ended December 31, 2007

Net Product Sales. Net product sales increased by $439.2 million, or 55%, to $1.2 billion in 2008 from $800.9 million in 2007. Excluding the unfavorable impact of currency translation, net product sales in 2008 grew by approximately $439.5 million, or 55%, over 2007. Of the currency adjusted increase, revenue increased primarily as a result of our professional diagnostic-related acquisitions which contributed $363.8 million of the increase. Organic growth, particularly from our professional infectious disease, drugs of abuse products and vitamin and nutritional supplements, also contributed to the growth.

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Management s discussion and analysis of financial condition and results of operations

Net Product Sales by Business Segment. Net product sales by business segment for 2008 and 2007 are as follows (in thousands):

	2008	2007	% increase (decrease)
Professional diagnostics	$ 1,000,190	$ 565,265	77%
Health management	18,632	9,210	102%
Consumer diagnostics	132,443	153,616	(14)%
Vitamins and nutritional supplements	88,873	72,824	22%
Net product sales	$ 1,240,138	$ 800,915	55%

Professional diagnostics

The increase in net product sales from our professional diagnostics business segment was $434.9 million, or 77%, resulting in $1.0 billion of net product sales in 2008. Of the increase, revenue increased primarily as a result of our acquisitions of: (i) Biosite, in June 2007, which contributed additional product revenue of $161.7 million in excess of those earned in the prior year s comparative period, (ii) Cholestech, in September 2007, which contributed additional product revenue of $49.4 million in excess of those earned in the prior year s comparative period, (iii) Bio-Stat Healthcare Group, or Bio-Stat, in October 2007, which contributed additional product revenue of $21.6 million in excess of those earned in the prior year s comparative period, (iv) HemoSense, in November 2007, which contributed additional product revenue of $27.2 million in excess of those earned in the prior year s comparative period, (v) Redwood, in December 2007, which contributed additional product revenue of $23.9 million in excess of those earned in the prior year s comparative period, (vi) BBI, in February 2008, which contributed product revenue of $32.4 million and (vii) various less significant acquisitions, which contributed an aggregate of $47.6 million of such increase. Organic growth, particularly from our professional infectious disease products, also contributed to the growth. The currency adjusted organic growth for our professional diagnostics net product sales, excluding the impact of acquisitions, was 13%.

Health management

Our health management net product sales increased $9.4 million, or 102%, to $18.6 million in 2008. The increase in net product sales represents additional sales related to our acquisition of QAS in June 2007.

Consumer diagnostics

The decrease in net product sales from our consumer diagnostics business segment was $21.2 million, or 14%, resulting in $132.4 million of net product sales for 2008. The decrease was primarily driven by the completion of our 50/50 joint venture with P&G in May 2007 in which we transferred substantially all of the assets of our consumer diagnostics business, other than our manufacturing and core intellectual property assets. Upon completion of the

arrangement to form the joint venture, we ceased to consolidate the operating results of our consumer diagnostics business related to the joint venture and instead account for our 50% interest in the results of the joint venture under the equity method of accounting. Net product sales from our consumer diagnostics business segment for 2008 and 2007 included $103.0 million and $65.0 million, respectively, of manufacturing revenue associated with our manufacturing agreement with SPD, whereby we manufacture and sell consumer diagnostics to the joint venture. Partially offsetting the impact of the joint venture was an increase $13.5 million of net product sales attributed to our acquisitions of: (i) First Check Diagnostics LLC, or First Check, in January 2007, which contributed additional product revenue of $1.1 million in excess of those earned in the prior year s comparative period, (ii) Bio-Stat, in October 2007, which contributed additional product revenue of $4.6 million in excess of those earned in the prior year s comparative period and (iii) BBI, in February 2008, which contributed product revenue of $7.8 million.

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Management s discussion and analysis of financial condition and results of operations

Vitamins and nutritional supplements

Our vitamins and nutritional supplements net product sales increased by $16.0 million, or 22%, to $88.9 million in 2008. The increase is primarily a result of increased private label nutritional sales to our existing and new customers.

Services Revenue. Services revenue was $405.5 million in 2008, as compared to $16.6 million in 2007. Services revenue is principally related to our newly-formed health management business segment which primarily includes our recent acquisitions of QAS, Alere Medical, ParadigmHealth and Matria. In addition to the services revenue generated by our health management businesses, services revenue also includes revenue generated by our professional drugs of abuse testing and screening business, along with revenue associated with our long-term services agreement related to our consumer diagnostics joint venture formed with P&G in May 2007, pursuant to which we provide certain operational support services to the joint venture.

Services Revenue by Business Segment. Services revenue by business segment for 2008 and 2007 are as follows (in thousands):

	2008	2007
Professional diagnostics	$ 29,338	$
Health management	373,767	14,164
Consumer diagnostics	2,357	2,482
Total services revenue	$ 405,462	$ 16,646

Professional diagnostics

Services revenue provided by our professional diagnostics business segment of $29.3 million in 2008 represents revenue related to the laboratory-based professional drugs of abuse testing and screening business at Redwood, which was acquired in December 2007.

Health management

Services revenue provided by our newly-formed health management business segment was $373.8 million in 2008, with Matria contributing services revenue of $197.7 million, Alere Medical contributing services revenue of $91.2 million, ParadigmHealth contributing services revenue of $71.3 million and QAS contributing services revenue of $12.1 million.

Consumer diagnostics

Services revenue provided by our consumer diagnostics business segment decreased by $0.1 million, or 5%, to $2.4 million in 2008. Services revenue provided by our consumer diagnostics business segment represents revenue related to our long-term services agreements with our 50/50 joint venture with P&G formed in May 2007, pursuant to

which we provide certain operational support services to the joint venture.

Net Product Sales and Services Revenue by Geographic Location. Net product sales and services revenue by geographic location for 2008 and 2007 are as follows (in thousands):

	2008	2007	% increase (decrease)
United States	$ 1,186,583	$ 511,941	132%
Europe	283,552	196,379	44%
Other	175,465	109,241	61%
Net product sales and services revenue	$ 1,645,600	$ 817,561	101%

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Management s discussion and analysis of financial condition and results of operations

Net product sales and services revenue of $1.2 billion and $511.9 million generated in the United States were approximately 72% and 63%, respectively, of total net product sales and services revenue for the year ended December 31, 2008 and 2007, respectively. The growth in net product sales and services revenue in all geographic regions resulted from the various acquisitions discussed above and organic growth, partially offset by the decrease in revenue associated with the formation of our 50/50 joint venture with P&G in May 2007.

License and Royalty Revenue. License and royalty revenue represents license and royalty fees from intellectual property license agreements with third parties. License and royalty revenue increased by $3.8 million, or 18%, to $25.8 million in 2008, from $22.0 million in 2007. License and royalty revenue for 2008 increased primarily as a result of our acquisition of Biosite in June 2007, which contributed an additional $1.9 million of royalty revenue in excess of those earned in 2007. Additionally, incremental royalty revenue was derived from new royalty agreements entered into during 2008, along with increases associated with certain existing royalty agreements, partially offset by decreases in other royalty agreements.

Gross Profit and Margin. Gross profit increased by $466.8 million, or 119%, to $860.6 million in 2008, from $393.7 million in 2007. Gross profit during 2008 benefited from higher than average margins earned on revenue from our recently acquired businesses and from the favorable impact of our low cost manufacturing facilities in China. Included in gross profit in 2008 were restructuring charges totaling $17.9 million associated with the closure of various manufacturing and operating facilities, a $2.0 million charge related to the write-up to fair market value of inventory acquired in connection with our first quarter acquisitions of BBI and Panbio, and $1.5 million of stock-based compensation expense. Included in gross profit in 2007 were restructuring charges totaling $2.0 million associated with the closure of various manufacturing and operating facilities, an $8.2 million charge related to the write-up to fair market value of inventory acquired in connection with our acquisitions of Biosite, Cholestech and HemoSense and $0.6 million of stock-based compensation expense. Cost of net revenue included amortization expense of $43.4 million and $24.0 million in 2008 and 2007, respectively. Overall gross margin was 52% in 2008, compared to 47% in 2007.

Gross Profit from Net Product Sales by Business Segment. Gross profit from net product sales represents total gross profit less gross profit associated with services revenue and license and royalty revenue. Gross profit from net product sales increased by $246.0 million t