

to our **SHAREHOLDERS**

THE YEAR 2000 marked an extraordinary beginning to the Twenty-first Century at Bio-Rad Laboratories. We broke the \$700 million mark, with revenues up more than 30 percent from last year, we experienced record sales of new products, and celebrated a 40 percent gain in the value of our stock.



David Schwartz and James J. Bennett

Additional accomplishments included the sale of the company's Semiconductor Measurements Division and the sale of our facility in Cambridge Massachusetts. We strengthened our core businesses by refocusing attention on research and development in the life science market, and by successfully completing the integration of Pasteur Sanofi Diagnostics (PSD), a restructuring initiative that more than doubled the profitability of the former PSD business. We expanded our global markets, adding new subsidiaries in Eastern Europe, Mexico, Brazil, and Africa, and now rank among the top five life science companies and top ten clinical diagnostics companies in the

world. This dynamic year has strengthened Bio-Rad's position at the center of scientific discovery, and has also set the stage for advancement and growth within the company and the industries it serves.

In 2000, the Life Science Group experienced more than a 13% gain in revenues due to the excellent performance of their laboratory and imaging products, and new products for use in the burgeoning areas of DNA amplification and proteomics. The group will also see an increase in the distribution of its PLATELIA™

BSE (Mad Cow) test in 2001. The Clinical Diagnostics Group experienced its strongest year ever with increased sales in diabetes monitoring, quality control management, and autoimmune technology. The group is also beginning to see promising gains in the areas of genomics, near-patient testing and bioinformatics.

The year 2001 will bring with it a new era of growth and leadership as founders and longtime executives are succeeded by a new generation of management. First, Bio-Rad Laboratories will say farewell to Vice President Burt Zabin who is retiring after serving the company for more than 30 years, more than half that time as Group Manager of the Life Science Division. Additionally, the two of us are beginning our own personal succession plans as we contemplate a change of roles during the next year or so.

We invite you to join us in welcoming the next generation of leaders into Bio-Rad's highest ranks. They will continue to carry on the company's long tradition of innovation, customer service, and scientific excellence, and we are confident that their contributions will generate increased profitability and further global expansion for Bio-Rad Laboratories.

A handwritten signature in blue ink that reads "David Schwartz".

David Schwartz
President

A handwritten signature in blue ink that reads "James J. Bennett".

James J. Bennett
Chief Operating Officer

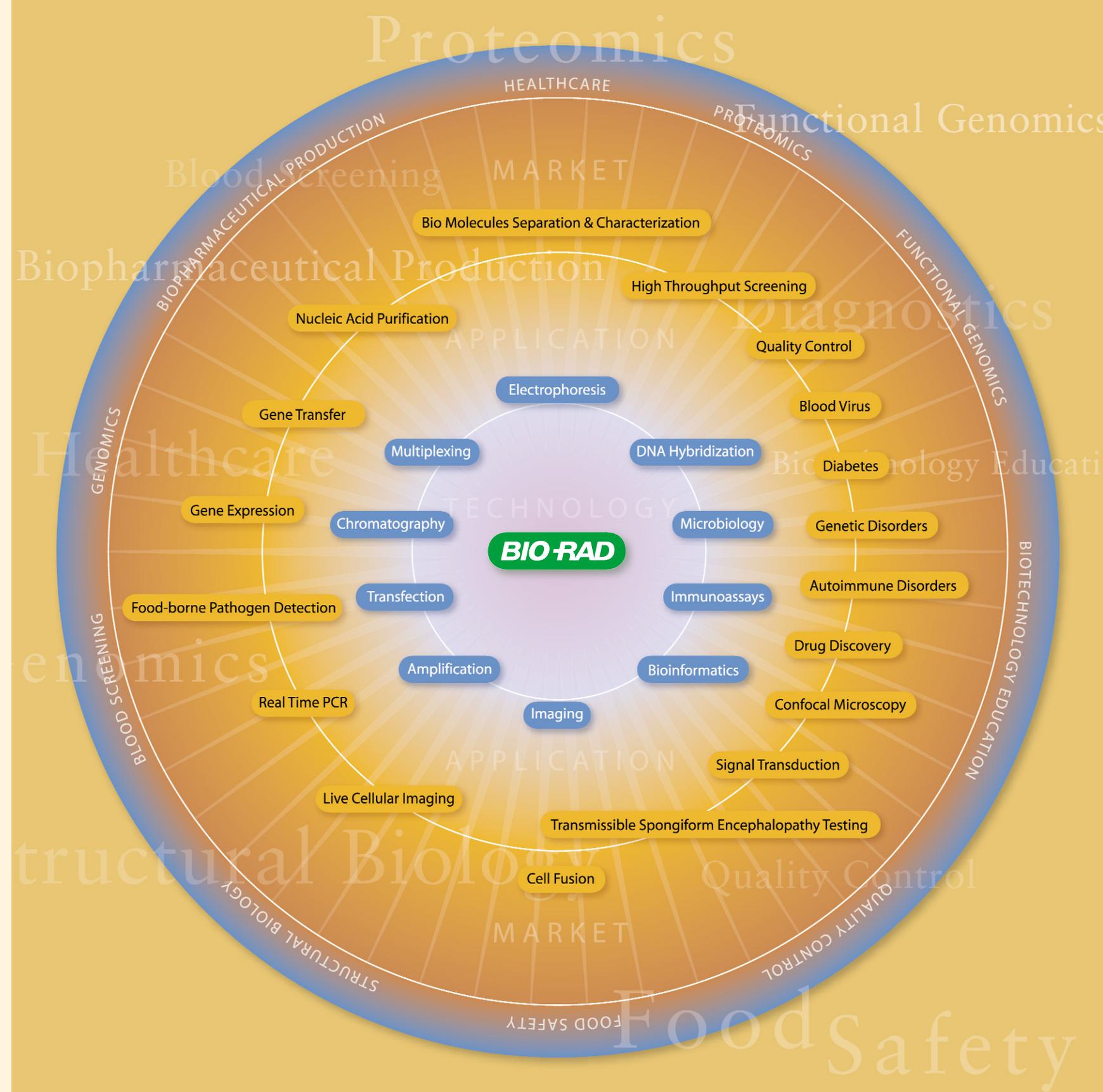
to our **SHAREHOLDERS**

market POSITIONING

Bio-Rad Laboratories has remained at the center of scientific discovery for more than 40 years by providing a broad range of innovative tools and services to the clinical diagnostics and life science research markets. The company is world renowned among hospitals, universities, major research institutions, biotechnology and pharmaceutical firms for its commitment to quality and customer service. It has built strong customer relationships that advance research and development efforts and support the commercialization of new technology, especially in the high-growth fields of genomics, proteomics, biopharmaceutical discovery, food safety and biotechnology education.

Throughout the past four decades, the company's product portfolio has increased substantially, as has its expanding customer base and global reach. Bio-Rad now manufactures and distributes thousands of products that incorporate a wide range of technologies including electrophoresis, imaging, immunoassay, chromatography, microbiology, bioinformatics, and transfection. By capitalizing on its expertise and quality reputation, Bio-Rad Laboratories will continue to strengthen its leading roles in both existing and niche markets, and maintain its position at the center of scientific discovery.

market POSITIONING



life SCIENCE

BIO-RAD LABORATORIES

Bio-Rad Laboratories is one of the leading providers of tools for the life science market, and maintains a solid reputation for quality and innovation. It ranks among the top life science companies worldwide, providing a broad range of products for research in molecular biology, biochemistry, microbiology, genetics, immunology, and chemistry. The group serves a growing base of customers in academic and

biotechnology research, and in the pharmaceutical industry. In 2000, the Life Science Group achieved \$270 million in sales, representing a growth rate of more than 13 percent. This increase was driven primarily by the introduction of new products for use in the areas of DNA amplification and proteomics, two fields in which Bio-Rad remains at the center of discovery.

life SCIENCE



The state-of-the-art iCycler iQ™ instrument is used for “real time” PCR (Polymerase Chain Reaction) detection, a powerful molecular biology technique used for creating millions of copies of relevant DNA and providing quantitative information about that DNA. This product is distinctive in its simplicity, speed and reliability, and has redefined the standard for laboratory devices, opening up a wealth of opportunity for life science research.



Life science is the study of the characteristics, behavior, and structure of living organisms and their component systems. Bio-Rad is positioned at the center of discovery in life science, drug development and biotechnology, and provides research laboratories with tools critical to the scientific discovery process.



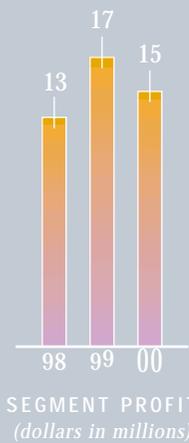
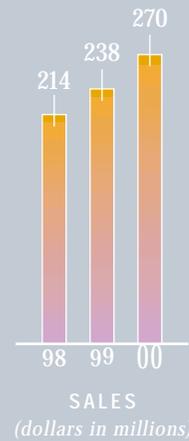
The Bio-Plex™ protein array system is a revolutionary new product line. It will allow researchers to extract more data from smaller samples, and can significantly decrease the amount of time it takes to assess the effectiveness of therapeutic candidates in the drug discovery process.



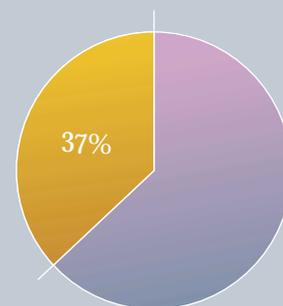
Bio-Rad's highly accurate screening test for BSE, or Mad Cow Disease, has been used extensively throughout Europe to protect the food supply. The company began delivering tests during the fourth quarter of 2000, and is well positioned to meet a significant demand in 2001. The test detects the presence of an abnormal form of protein or "prion" using monoclonal antibodies in an ELISA format.



Bio-Rad invests in science education. The company's Biotechnology Explorer™ program provides high schools and colleges with a whole new generation of inquiry-based biotechnology curriculum supported by classroom kits, lab equipment and supplies. These teaching tools complement existing biology and integrated science course work, and give students direct classroom experience with the latest in laboratory technology designed for real life, problem-centered applications.



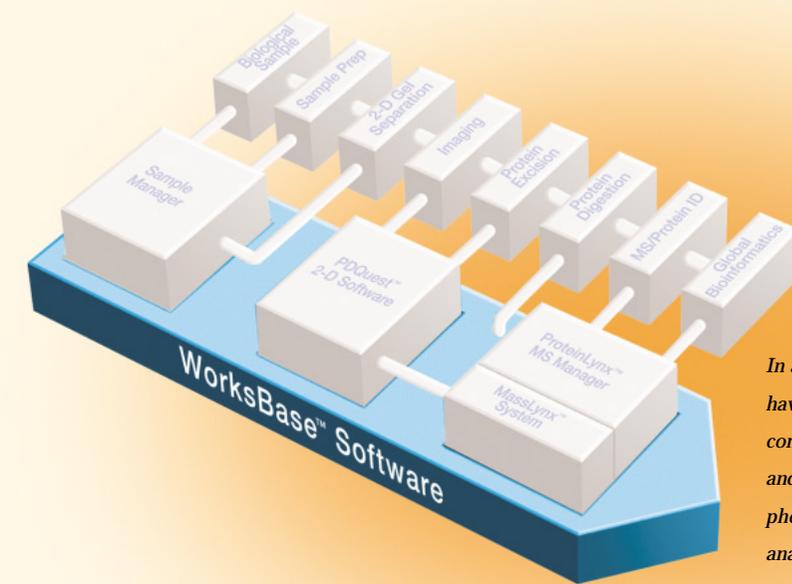
SALES BY SEGMENT



The year 2000 was one of continued growth for Life Science products. Strong demand, driven by growing markets and a record number of new product introductions combined to help fuel growth. Late in the year, the group introduced a BSE (Bovine Spongiform Encephalopathy) test which has quickly gained strong acceptance in Europe, helping to ensure the safety of the food supply.

The coming year will be highlighted primarily by the demand for the company's proteomics products, which are designed to meet the needs of a new breed of protein researchers.

These innovative technologies place Bio-Rad's Life Science Group at the center of the proteomics revolution, a market that has only begun to show its potential – especially in the areas of disease and drug discovery. The future focus will be on functional genomics, the study of the function of genes and proteins and how they effect biological processes. Bio-Rad's Life Science Group will continue its lead as an innovator, providing the tools necessary to bridge the gap between the genomic sequence and the cellular functions that drive all aspects of life.



The Proteome WORKS™ System

In a global alliance, Bio-Rad and Micromass Ltd. have developed the ProteomeWorks™ system, a completely integrated system for protein discovery and proteomics analysis. It combines 2-D electrophoresis with high-throughput tools for image analysis, automated protein excision and digestion, mass spectrometry analysis, and bioinformatics.

clinical DIAGNOSTICS

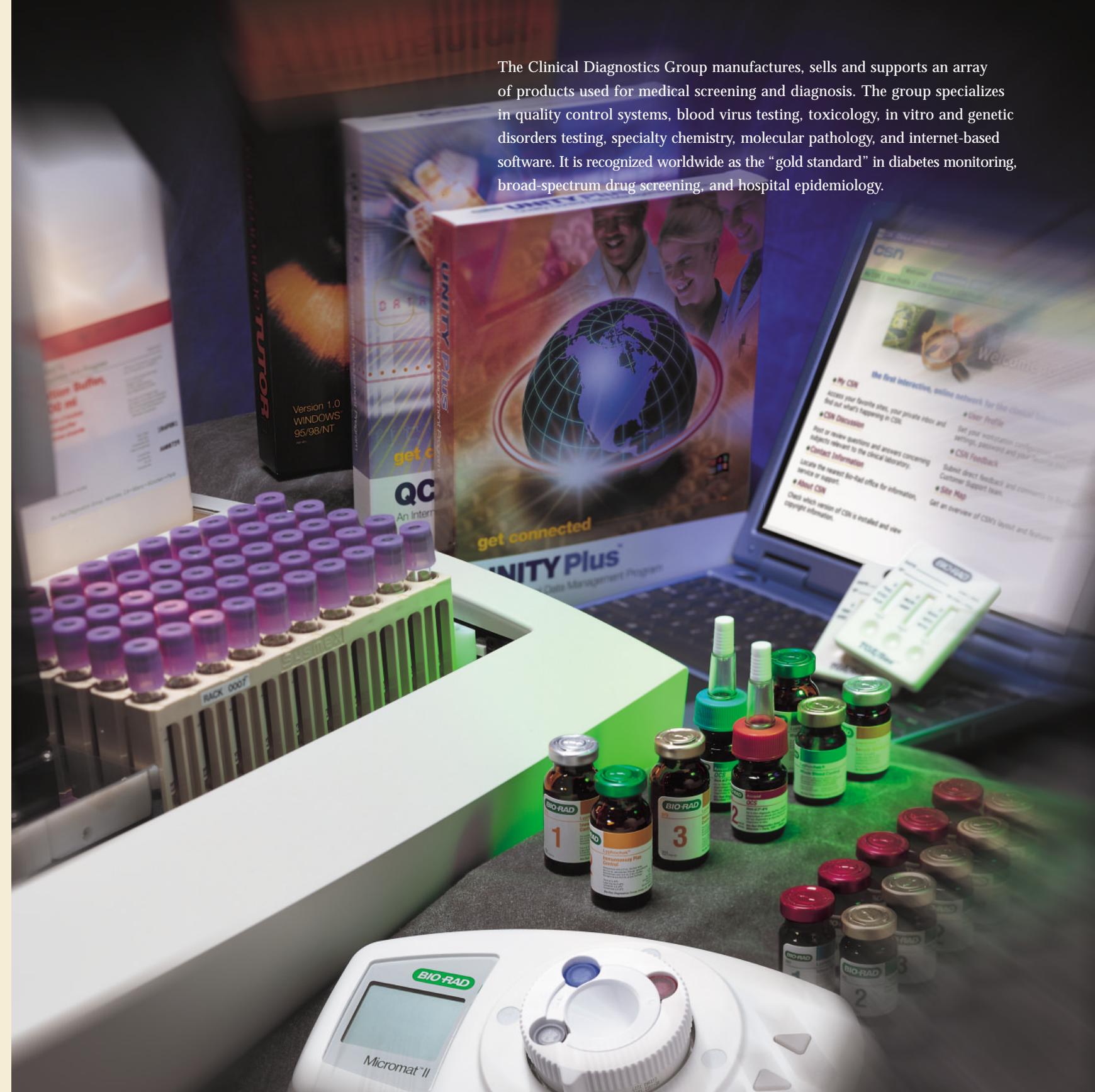
BIO-RAD LABORATORIES

Bio-Rad's Clinical Diagnostics Group entered the millennium a more powerful competitive force, and has expanded its resources for a decided advantage in the healthcare market. Today, the company maintains leadership positions in blood virus testing, autoimmune disorders, diabetes monitoring, and quality control management. It also provides the clinical laboratory with a broad range of additional products and services, along with an assortment of innovative "generation-next" technologies. Bio-Rad is well positioned in the clinical diagnostics market, and is poised for sustainable and profitable growth throughout the coming years.

The year 2000 was one of significant accomplishments. Bio-Rad successfully integrated the former Pasteur Sanofi Diagnostics (PSD) operations centered in France into vertically-integrated businesses focusing on sales and profitability in the blood virus and clinical microbiology markets. Sanofi's sales organization was also integrated into Bio-Rad's worldwide subsidiary structure, thereby expanding overall distribution resources and eliminating organizational redundancy. These initiatives more than doubled the profitability of the PSD business.

clinical DIAGNOSTICS

The fully automated Variant™ II system is used for diabetes monitoring. It surpassed 1000 customer placements less than two years after introduction, making it the most successful system introduction in the group's history.



The Clinical Diagnostics Group manufactures, sells and supports an array of products used for medical screening and diagnosis. The group specializes in quality control systems, blood virus testing, toxicology, in vitro and genetic disorders testing, specialty chemistry, molecular pathology, and internet-based software. It is recognized worldwide as the "gold standard" in diabetes monitoring, broad-spectrum drug screening, and hospital epidemiology.

The synergies created by the integration of PSD resulted in a more diversified product portfolio, increased research and development capability, and enhanced global reach. These expanded capabilities, in combination with Bio-Rad's broad laboratory experience, position the company to take advantage of the growing market sectors within the In Vitro Diagnostics industry.

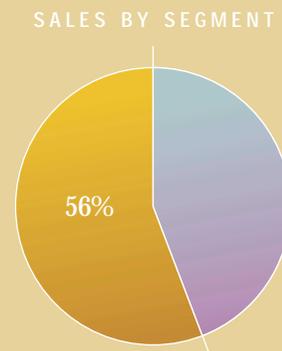
The group's leading markets of diabetes monitoring, quality control management (QC), and autoimmune diagnostics technology also experienced growth. The group maintained its lead in clinical laboratory QC management innovation, for example, with the introduction of the Hands-Free QC™ system, a connectivity-based solution that integrates the laboratory's information system with Bio-Rad's data management services – an approach that completely automates QC data input, transmission, and analysis, and

eliminates costly labor hours. This innovation was made possible through the use of the two new UNITY Plus™ and UNITY Pro™ software products.

Through acquisition and organic growth, the group achieved a sales increase of 62% compared to 1999, with segment profit up 35% over the prior year.

The year 2000 saw expanded use of new technology for Bio-Rad's diagnostics operations in the areas of genomics, near-patient testing, parallel processing and Internet technologies.

In the area of genomics, the company was awarded a patent on novel proprietary DNA amplification technology, "Linked Linear Amplification." With this enabling technology, Bio-Rad is in a position to integrate DNA sample preparation, amplification, and detection with its existing portfolio of molecular diagnostic assays.



Bio-Rad is a worldwide leader in the detection of HIV. The new GENSCREEN® PLUS HIV AG-AB test was introduced to the overseas market in 2000. Clinical laboratories and blood screening centers use the test to detect HIV antigens and antibodies simultaneously.



In early 2000 Bio-Rad introduced the first Internet-based information access system of its kind to the clinical laboratory, the Clinical Systems Network™ (CSN™), which speeds up the release of diagnostic test results to physicians, and dramatically improves communication among clinical laboratories.

Bio-Rad responded to the increased demand for point-of-care tests with two new products for diabetes monitoring, the MICROMAT™ II HbA1c system, for use in physician's office labs, and the TOX/See™ multi-drug screen panel, a rapid test platform for drug abuse testing. In the fall, the MICROMAT™ II was selected for use in the Action to Control Cardiovascular Risk in Diabetes trial (ACCORD). The National Heart, Lung and Blood Institute (a division of the National Institute of Health) sponsors ACCORD.

Bio-Rad also launched the first DNA-based kit in the U.S. for detecting gene mutations related to one of the most common genetic disorders, hereditary hemochromatosis, a condition resulting in the excessive accumulation of iron in the body. Bio-Rad's patented technology enables the detection of the genetic trait for this disorder carried by nearly 32 million people nationwide.

Today, advanced technology for high-throughput screening is used for accelerated drug discovery, and will be used for clinical diagnostic testing. Bio-Rad's most recent strategic partnership with Luminex Corporation for the commercialization of the LabMAP™ multiplexing technology will address both research and healthcare applications. The company's investment in this and other leading-edge technology will shape the future of the clinical diagnostics market, and place Bio-Rad at the center of innovation.

