

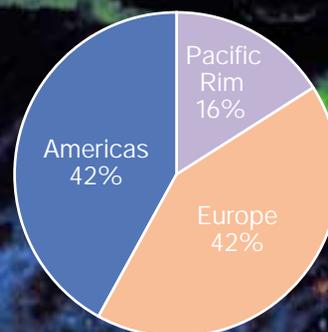
financial highlights

	1997	1998	1999	2000	2001
<i>(in millions, except per share data)</i>					
Net Sales	\$432.1	\$447.9	\$555.4	\$725.9	\$817.5
Gross Profit	\$242.7	\$245.4	\$300.2	\$382.5	\$461.2
Research Expenditures	46.1	41.4	66.7 ⁽¹⁾	68.1	76.5
Net Income	16.4	24.3	11.7	31.1	44.2
Return On Sales	3.8%	5.4%	2.1%	4.3%	5.4%
Book Value Per Share ⁽²⁾	\$ 8.06	\$ 8.84	\$ 9.08	\$10.00	\$11.43
Basic Earnings Per Share ⁽²⁾	\$ 0.67	\$ 0.99	\$ 0.48	\$ 1.27	\$ 1.79
Cash Flow From Operations	\$ 21.1	\$ 27.3	\$ 45.0	\$ 24.2	\$ 99.5

⁽¹⁾ Includes \$15.5 of purchased R & D.

⁽²⁾ Restated to give effect to a stock split in the form of a 100% stock dividend in 2002.

2001 Sales By Region



to our shareholders

The year 2001 was an exceptionally strong one for Bio-Rad Laboratories. Last year we reported that we had broken the \$700 million mark in sales for the first time ever. Now we are pleased to report that in 2001 we exceeded \$800 million in sales – yet another record. We were able to report these favorable results even in the face of worldwide economic uncertainties.



David Schwartz and James J. Bennett

Net income was up 42 percent over the year 2000. This above-average growth was fueled primarily by our Life Science business where sales increased substantially due to the strong performance in our existing product lines, such as DNA amplification and proteomics, augmented by the sales of our test kits for Mad Cow Disease.

The Clinical Diagnostics business also grew in 2001 and is well positioned for the future – especially in the areas of autoimmune testing and quality control products. The acquisition of Helix Diagnostics has made Bio-Rad the world's leading provider of autoimmune diagnostic tests. Another important milestone for this business in 2001 was the receipt of the single largest order for quality control products in its history.

Among our achievements this past year was the divestiture of the last major segment of our Analytical Instruments Group – the spectroscopy division. This sale was part of an overall strategy to focus our efforts on the Life Science and Clinical Diagnostic businesses.

In 2001 we strengthened our Board of Directors with the addition of Dr. Ruediger Naumann-Etienne who brings with him a wealth of international experience.

On a sad note, the year 2001 brought with it the premature death of Dr. Burton Zabin, a longtime employee and member of Bio-Rad's Board of Directors. Dr. Zabin was a dear friend and esteemed colleague who played an instrumental role in the early growth of the Company.

This has been a year of major accomplishment for Bio-Rad. We have successfully refocused on biological science, increased our geographic reach and gained greater recognition in the financial markets. Sales are strong, and in spite of the nation's economic downturn, both the Life Science and Clinical Diagnostics businesses continue to thrive. Our recent two-for-one stock split will result in the increased liquidity of our stock, and give us more flexibility to continue to grow the business.

In the coming year we expect that the changes in our roles in the Company will be completed with a transition to the next generation of management. While both of us will continue to be actively involved as members of the Board of Directors, we are turning the business over to a younger management team who will lead the Company's day-to-day operations. We are confident that they will carry on the Company's long tradition of integrity, quality service and scientific innovation.

A handwritten signature in green 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

accelerating the pace of discovery

We live in the golden age of biology. Scientific discoveries throughout the foreseeable future will improve our health and revolutionize the way we live.

Today, with increased knowledge of proteins, cell biology and advances in diagnostic medicine, the biotechnology revolution has taken hold. Scientists are learning new ways to understand the complex biochemistry of disease and enabling the biopharmaceutical industry to identify specific targets for both diagnostics and therapeutics. Advances in biotechnology, drug discovery and informatics will continue to expand the market for products and services in both the research and clinical diagnostics areas.

Proteomics has and will continue to facilitate improved drug discovery and treatment, advancements in stem cell research, and help identify cures for diseases like cancer, Alzheimer's, Parkinson's and diabetes. Bio-Rad's role in this scientific revolution is to both facilitate research and accelerate the pace of discovery, innovation and the development of improved methods of healthcare.

Bio-Rad's direct sales force and technical staff are in constant contact with customers worldwide, working closely with them to better understand their specific needs and requirements and to receive feedback on ideas for new technology. Often, this feedback results in new and improved technologies for discovery, as well as new methods for diagnosing and monitoring disease.

Bio-Rad's Life Science business is focused on proteomics, genomics and cell biology, and the Clinical Diagnostics business is one of the world's leading providers of specialty products and services used for medical screening and diagnosis. Together, these two businesses give Bio-Rad a distinct advantage in the world of biological science and healthcare.



life science

focused on...

Performance

The Life Science Group experienced exceptional growth in 2001. Sales were up 43% to \$382 million and segment profit was up from the year 2000 to \$74.2 million. This outstanding performance was driven by increased sales in important product areas like proteomics, amplification and food safety, and was also influenced by several other factors. First and foremost, growth was influenced by the Company's focus on its customers and their ever-changing demands. It is also the result of a focus on developing new and innovative products to aid in the expanding areas of disease and drug discovery, a focus on specialized needs of worldwide markets, and finally, the desire to seed the next generation of participants in the biological revolution. Overall, Bio-Rad's growth has outpaced that of the life science market.



Meeting Market Challenges

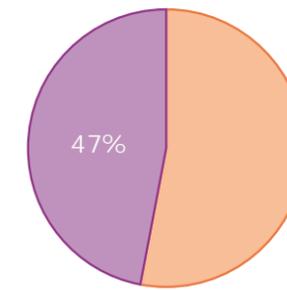
One very important hallmark of Bio-Rad's success is its responsiveness and ability to meet customers' immediate needs. During 2001 the Company had a significant opportunity to demonstrate its agility in tackling an immediate challenge: To swiftly respond to the urgent need for BSE (bovine spongiform encephalopathy) or Mad Cow Disease testing in Europe, and more recently, in Asia.

As the European Union commenced mandatory beef testing, Bio-Rad quickly mobilized efforts and became the leader in helping to safeguard the food supply. Beginning in January 2001, the Company scaled-up manufacturing capabilities and since then, has been fully able to supply Europe's continuous demand for tests. In October, when Japan commenced testing of all cattle, Bio-Rad was well positioned to meet the additional demands. One of the Company's most important achievements during this entire experience has been its ability to meet the ongoing challenges of supplying, training and supporting hundreds of laboratories performing the BSE test throughout the world.

Creating Tools For Discovery

Another important factor in Bio-Rad's success is its ongoing development of new products that have revolutionized life science research and discovery by improving the effectiveness and efficiency of technology. The Company's efforts are currently focused on the growing markets of proteomics, cell biology, real time PCR (Polymerase Chain Reaction), food testing, and developing technology that enables laboratory researchers to accomplish complex tasks faster and more easily.

There is an ever-increasing need for comprehensive systems to improve the scientific discovery process. One example of how Bio-Rad has fulfilled this need is the ProteomeWorks™ System, which has successfully integrated the key tasks involved in protein analysis for disease and drug discovery. This integrated package includes sample preparation and analysis technology all the way through to the critical area of bioinformatics, enabling laboratories to more effectively analyze the mass of data generated by this new area of scientific exploration.



Top: The iCycler IQ™ Real-Time PCR Detection System is used for creating millions of copies of DNA and providing quantitative information about that DNA. By using this instrument researchers can accelerate lead identification in drug discovery, improve viral load assessment, increase reliability of gene expression analyses and accelerate throughput in screening applications including food pathogen testing.

Bottom: Bio-Rad's BSE, or Mad Cow Disease test is the most widely used screening method in the world. In 2002 the Company will introduce a new series of automated BSE testing instruments and kits to enable laboratories to increase efficiency, produce faster results, expand mass screening capabilities and reduce the cost of testing.

Bio-Rad has a long history of innovation. It was the first company to commercialize novel life science technology like multi-photon microscopy. Just recently, the Company introduced a new pioneering product in this area, the Clonis™ Cellular Laser Observation and Isolation System. This product allows researchers to isolate live cells and tissues and gives them the ability to simplify what has been a difficult and time-consuming process.

In addition to developing new technologies, Bio-Rad is continuously enhancing its existing product lines to meet the changing needs of life science researchers. In the early 1980s, for example, the Company pioneered one of the foremost separation techniques known as electrophoresis. Throughout the years, Bio-Rad has introduced a variety of enhanced products and accessories for this protein and nucleic acid separation technique. The latest is the Criterion™ System which doubles the amount of scientific data that can be produced in a single protein separation.

Opportunities For Growth

Bio-Rad's primary mission in 2002 is to seize opportunities in the growing markets of proteomics, DNA amplification, cell biology and food testing. Already, Bio-Rad is the leading manufacturer of many products used in these areas of life science research and discovery. While the Company's products are now sold in more than 130 countries worldwide, geographic expansion opportunities still abound. There are plans underway to extend the Company's direct presence in both the Pacific Rim and Latin America. This, together with the continuous development of new products, should provide for continued growth.

Expanding Customer Reach

Developing and supporting a comprehensive customer-centric e-business channel is an important objective for Bio-Rad Laboratories. This new channel has allowed the Company to enhance its strong relationships with customers, to provide up-to-the-minute sales and technical support, to offer expert advice and to create a forum where customers can exchange ideas with one another. The demand for this channel of communication is rapidly becoming global, and the Company is implementing a multi-lingual, multi-currency system to better serve its customers around the world.

Seeding The Future

The biotech revolution needs people. Bio-Rad is helping to train the next generation of scientists in the modern techniques of molecular biology with its Biotechnology Explorer™ program, specifically designed for teaching biological science at the junior high and high school levels. The Company has developed kits for bacterial transformation, protein chromatography, DNA and protein fingerprinting and genetic screening. With these kits, Bio-Rad is working with educational institutions around the world to implement these much-needed programs to train a new generation of biological scientists.

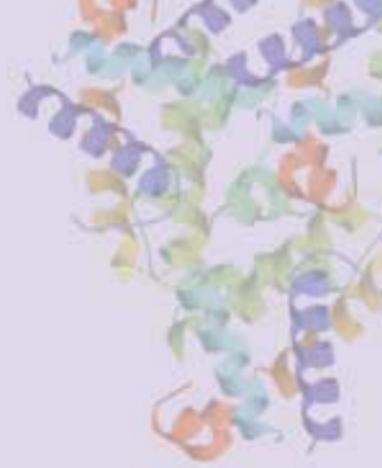


Top: The new Clonis™ Cellular Laser Observation and Isolation System is a pioneering product that allows researchers to quickly and easily isolate live cells and tissues.

Bottom: The Criterion™ System is the next generation of precast polyacrylamide gels with dedicated mini electrophoresis cells and blotters. The system incorporates a series of innovative features specifically designed to provide research laboratories with fast, reproducible, high-resolution results.



Bio-Rad's ProteomeWorks™ System is a fully integrated set of tools and technologies used for protein function discovery, incorporating sample preparation, 2-D electrophoresis, staining, imaging and image analysis, spot excision, automated protein digestion, mass spectrometry and bioinformatics to create a seamless high-throughput proteomics platform.



Bio-Rad's ProteomeWorks™ System incorporates a variety of tools and technologies like the Protean IEF System and accessories (top), the spot cutter (middle) and WorksBase™ software (bottom) for protein focusing, image analysis, spot cutting and data management.

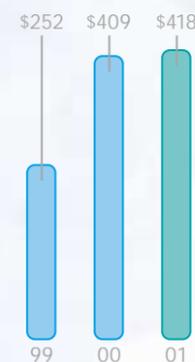
clinical diagnostics

focused on...

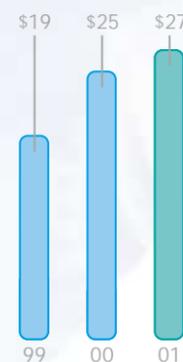
Meeting The Special Needs Of The Healthcare Market

Bio-Rad's Clinical Diagnostics Group is one of the world's leading providers of specialized tests, equipment and software for the clinical laboratory. The Company's products and services help physicians diagnose genetic disorders, detect viral strains, identify antibiotic treatments, confirm the quality of test results, and more.

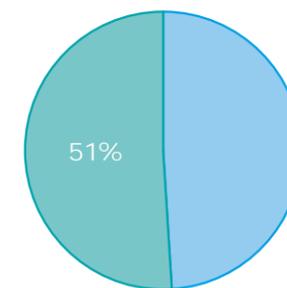
The Clinical Diagnostics business showed growth in both sales and profits in 2001. Segment profit increased nearly eight percent over 2000, and after adjusting for a divested product line, revenue increased nearly seven percent – almost twice the industry average. Growth in 2001 was spread across the core businesses of blood virus testing, quality control systems, diabetes monitoring, autoimmune testing and genetic disorders.



Sales
(dollars in millions)



Segment Profit
(dollars in millions)



Segment Sales

Meeting Worldwide Needs

Through its network of subsidiaries, Bio-Rad works cooperatively with local government and private healthcare institutions to provide quick response to medical laboratory challenges. This is especially true in developing nations where expansion in healthcare delivery requires creative solutions.

In 2001, for example, Bio-Rad collaborated with Brazil's public and private healthcare organizations to implement programs for screening newborns for genetic disorders. Bio-Rad placed Variant™ systems throughout the country to test for sickle cell anemia – a common disorder in this part of South America.

Bio-Rad also worked with the Malaysian government in 2001 to create the first diabetes monitoring program in this region. This initiative will improve diabetes management, reduce the disease's devastating complications and prevent the unnecessary healthcare costs associated with poor diabetic control – a problem that is increasing rapidly throughout Southeast Asia.

Bio-Rad has also invested in new operations in Eastern Europe and Russia, and is now the leading supplier of HIV screening tests in this region. Recently, the Company assisted the newly established Blood Transfusion Organization in Bulgaria in consolidating its HIV screening from 28 different laboratories into five testing locations. Bio-Rad provided enough tests, customized equipment and software to fulfill 100% of the country's needs for HIV and hepatitis testing.

Maximizing Laboratory Efficiency

More and more, customers are looking to Bio-Rad for innovative solutions to improve their laboratory's efficiency and effectiveness. Last year in Europe, the Clinical Diagnostics Group introduced a new and completely automated, high-throughput system for blood virus microplate testing, the Evolis™. This product was quickly recognized as a convenient alternative for laboratories performing large volumes of HIV, HCV and other Hepatitis tests, and in 2002, it will be enhanced to include serology tests for infectious disease and autoimmune disorders. Shipment of the Evolis™ product to the U.S. is also anticipated sometime this year.



Top: The 2001 acquisition of Helix Diagnostics established Bio-Rad as the leader in the autoimmune testing market. The Company offers an extensive range of test kits, software and instrumentation like the PhD™ Workstation and the ANA test kit used to identify and monitor a variety of autoimmune diseases.

Bottom: Bio-Rad has developed innovative internet technology that has helped expand the Company's leadership position in markets like quality controls and diabetes monitoring. Some of the most popular products include QCNet™ software and CSN™ (Clinical Systems Network) used for laboratory information management, communication and support.



Top: It takes highly sensitive analytical tools to accurately identify the growing number of unusual and drug-resistant infections that endanger public health. Bio-Rad's OSIRIS[®] microbiological imaging system is designed for the surveillance of infectious agents and resistance trends and enables health-care agencies to identify and help prevent the further spread of infection.

Bottom: The Evolis[™], Bio-Rad's new and completely automated system for blood virus microplate testing has become popular among European laboratories performing large volumes of HIV, HCV and other Hepatitis tests. The product will soon be available in the U.S.

In November, Bio-Rad entered into an exclusive agreement with the largest laboratory provider in the U.S., Quest Diagnostics, to automate their autoimmune testing processes. Bio-Rad will provide an array of tests, instrumentation and services to more than 20 of Quest's laboratories across the United States. This includes the PhD[™] system, a new instrument specifically designed for the autoimmune laboratory that is rapidly becoming the new standard for serology laboratories looking for cost-effective automation.

Prevention And Early Detection

Hemochromatosis, or iron overload, is one of the most common human genetic disorders. Experts agree that the best way to accelerate treatment and reduce associated healthcare costs is to detect the disorder before symptoms and complications appear. Bio-Rad's advancements in gene-based technology are now providing clinicians with a powerful new tool for use in the monitoring and prevention of this disorder. In 2001, Bio-Rad established partnerships with America's leading clinical laboratories to meet the increasing demand for DNA-based testing for hemochromatosis and introduced the only FDA approved commercial DNA-based application for this common affliction.

The Micromat[™] II, Bio-Rad's point-of-care device for diabetes testing, provides physicians with another powerful tool to more rapidly identify the need for patient therapy and prevent the development of further complications. The hand-held device is also becoming popular in developing countries seeking simple, cost-effective solutions for diabetes screening and monitoring.

Quality And Effectiveness

The core of Bio-Rad's quality policy is simple: Complete Customer Satisfaction. By focusing initiatives on enhancing automation, information technology, employee training, quality assurance and process validation, Bio-Rad has leveraged its strengths in the design, manufacture and delivery of products and services. The Company has also invested substantial efforts and funding to prepare for emerging healthcare regulations throughout the world. Bio-Rad's goal is to be an industry leader in compliance and maintenance of the highest quality standards possible.

Bio-Rad is also committed to providing tools and services to assure quality testing in the clinical laboratory. In September, the company secured the single largest order for quality control systems in its history by establishing an exclusive partnership with HealthTrust Purchasing Group. Bio-Rad now has the rights to sell to a network of healthcare providers that includes more than 700 facilities worldwide.

Building Partnerships

Throughout its history, Bio-Rad has established significant strategic partnerships with a variety of diagnostics and healthcare businesses. In March, Bio-Rad and the Institute Pasteur of Paris extended their collaboration agreement that gives Bio-Rad exclusive commercialization rights to Pasteur's research developments in the areas of virology, microbiology, physiology, biochemistry, parasitology and mycology.

In August, the Company expanded its Hepatitis C Virus (HCV) license with Ortho-Clinical Diagnostics and the Chiron Corporation, broadening Bio-Rad's ability to develop, manufacture and sell HCV tests to diagnostic and blood-screening laboratories in parts of Asia, South America and Central America.



Every region throughout the world has unique public health concerns. To better serve the individualized needs of varying populations, Bio-Rad's Clinical Diagnostics Group diversifies its manufacturing and development efforts. In 2001, the Company opened a new plant in Mexico City where the business is focused primarily on microbiology and blood virus products. The group also maintains other manufacturing and/or development operations in various regions in the U.S., Europe, Asia and the Middle East.

sales history

