

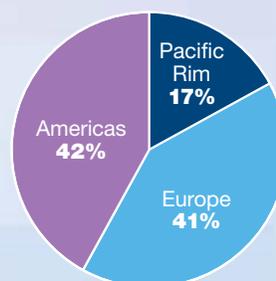
# financial highlights

<b>BIO-RAD</b>	1998	1999	2000	2001	2002
<i>(in millions, except per share data)</i>					
<b>Net Sales</b>	\$ 447.9	\$ 555.4	\$ 725.9	\$ 817.5	\$ 892.7
<b>Gross Profit</b>	\$ 241.1	\$ 295.8	\$ 377.4	\$ 455.4	\$ 509.5
<b>Research Expenditures</b>	\$ 41.4	\$ 66.7 <sup>(1)</sup>	\$ 68.1	\$ 76.5	\$ 82.9
<b>Net Income</b>	\$ 24.3	\$ 11.7	\$ 31.1	\$ 44.2	\$ 67.9
<b>Return On Sales</b>	5.4%	2.1%	4.3%	5.4%	7.6%
<b>Book Value Per Share<sup>(2)</sup></b>	\$ 8.84	\$ 9.08	\$ 10.00	\$ 11.43	\$ 15.17
<b>Basic Earnings Per Share<sup>(2)</sup></b>	\$ 0.99	\$ 0.48	\$ 1.27	\$ 1.79	\$ 2.70
<b>Cash Flow From Operations</b>	\$ 27.3	\$ 45.0	\$ 24.2	\$ 99.5	\$ 104.8

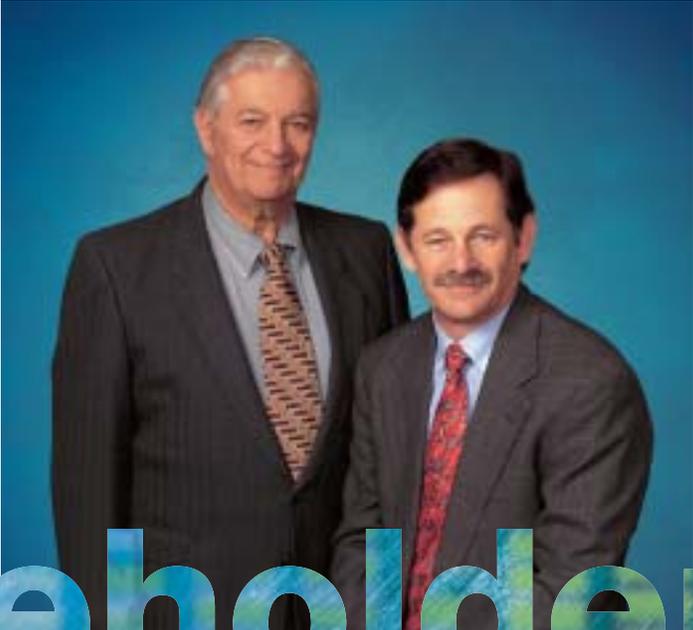
<sup>(1)</sup> Includes \$15.5 of purchased R & D.

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

**2002 Sales By Region**



2002 was another year of growth and accomplishment for Bio-Rad. Full-year revenues were \$892.7 million, up by just over 9 percent, driven by strong sales in both the Life Science and Clinical Diagnostics Groups.



to our  
**shareholders**

Well, it was bound to happen sooner or later. After fifty years of generally the same management, the beginning of this year is starting with a changing of the guard. A company often reflects the personalities and principles of its management and Bio-Rad is no exception. The Company has long had a mission of making life easier and more productive for the research community and contributing to the health of society all over the world.

It might be interesting to look at some of the people involved in the growth of the Company from a Mom and Pop operation to the present organization approaching the billion-dollar sales mark.

The Company was founded in the early 1950's by David and Alice N. Schwartz, a chemist and biochemist who went into business directly out of school, starting up in a little Quonset hut in Berkeley, California. After some time, Alice returned to university life and David continued on for a period that was to cover fifty years. Along the way came children who were involved in the business almost from the time they were born.

One of those children, Norman Schwartz joined the Company full time as soon as he completed his college education in 1974. He is now stepping into the role of President after having run almost every facet of the business including the Diagnostics Group, the Life Science Group, our Japanese subsidiary and some operations in England.

## Bio-Rad's financial condition, coupled with its position in the health care market provides a foundation for continued success.

Brad Crutchfield, whose career has spanned 16 years with Bio-Rad, is taking Norman's place as head of the Life Science Group. He joins John Goetz, head of the Diagnostics Group, in leading the Company's two main businesses.

Last but not least we say goodbye to Jim Bennett, our long time Executive Vice President and Chief Operating Officer who has retired from the Company after 26 years. He brought with him the discipline of larger companies in terms of profitability and efficiency of operations, which enabled the Company to grow to over fifty times its initial size during his tenure. He will be missed by all of us.

If we are to go through a transition we could not wish for a better time to do it. With sales and profits up dramatically over the past few years, we are flourishing despite a difficult economy. On top of this we have rapidly repaid a good deal of our debt, which we took on to fuel the last four years of growth. We also have a continuing stream of new products coming to market in the next few years. These should be exciting times as we enter the next 50 years of our journey into the future.



David Schwartz  
Chairman of the Board



Norman Schwartz  
President

# investing in science

Bio-Rad plays an integral role in advancing scientific discovery and optimizing the delivery of health care.

Since it was founded, Bio-Rad's mission has been to provide scientists with the specialized tools needed for discovery in biological research and clinical diagnostics. Throughout the past 50 years the Company has continued to invest in that fundamental ideal by building direct relationships with customers and maintaining a keen sensitivity to their changing needs.

Bio-Rad supports a direct sales force and technical staff that serves customers in more than 130 countries throughout the world. By building direct relationships with these customers, Bio-Rad is closely involved with the scientific discovery process and health care. This involvement ultimately leads to new opportunities to serve customers and places the Company in a unique position to anticipate emerging markets and target its new product development efforts.

## **Investing In Human Health**

Bio-Rad's extensive selection of products are used in some of today's most important scientific discoveries and medical breakthroughs.

- Bio-Rad's food pathogen test kits are used throughout the world to detect e. coli, listeria, salmonella and BSE (mad cow disease), all of which pose a significant risk to human health.
- Hospitals, blood banks and drug treatment centers rely on the Company's blood virus, toxicology and autoimmune tests for blood screening.
- The Company's quality control products are widely used in clinical laboratories to maximize laboratory efficiency and patient care.

## **Building Bridges Between Research and Health Care**

Bio-Rad is uniquely positioned because of its investment in both biological research and clinical diagnostics. The link between these two disciplines affords the Company a myriad of opportunities to develop complete technological solutions for its customers and to optimize the delivery of health care.

# CLINICAL DIAGNOSTICS

Specialty Diagnostics

Diabetes Monitoring

Genetic Disorders Testing

Newborn Screening

Drug Screening

Autoimmune Testing

Blood Screening

Blood Virus Screening

Quality Control

**technology**

Internet-Based Services

Chromatography

Immunoassays

Health Care

Signal Transduction

Sample Preparation

Protein Electrophoresis

Biopharmaceutical Production

DNA Microarray Analysis

Health Care

Real Time PCR

Immunoassays

Internet-Based Services

Drug Discovery

Food Safety

Chromatography

Biotechnology Research

Gene Expression

Proteomics

DNA Amplification

**applications**

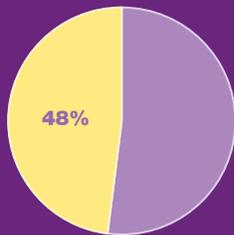
Genomics

Bioinformatics

# LIFE SCIENCE

# life science

Building on the record success of 2001, the Life Science Group posted strong sales in 2002 and has positioned the Company for continued growth.

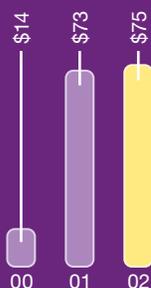


**Segment Sales**



**Sales**

(dollars in millions)



**Segment Profit**

(dollars in millions)

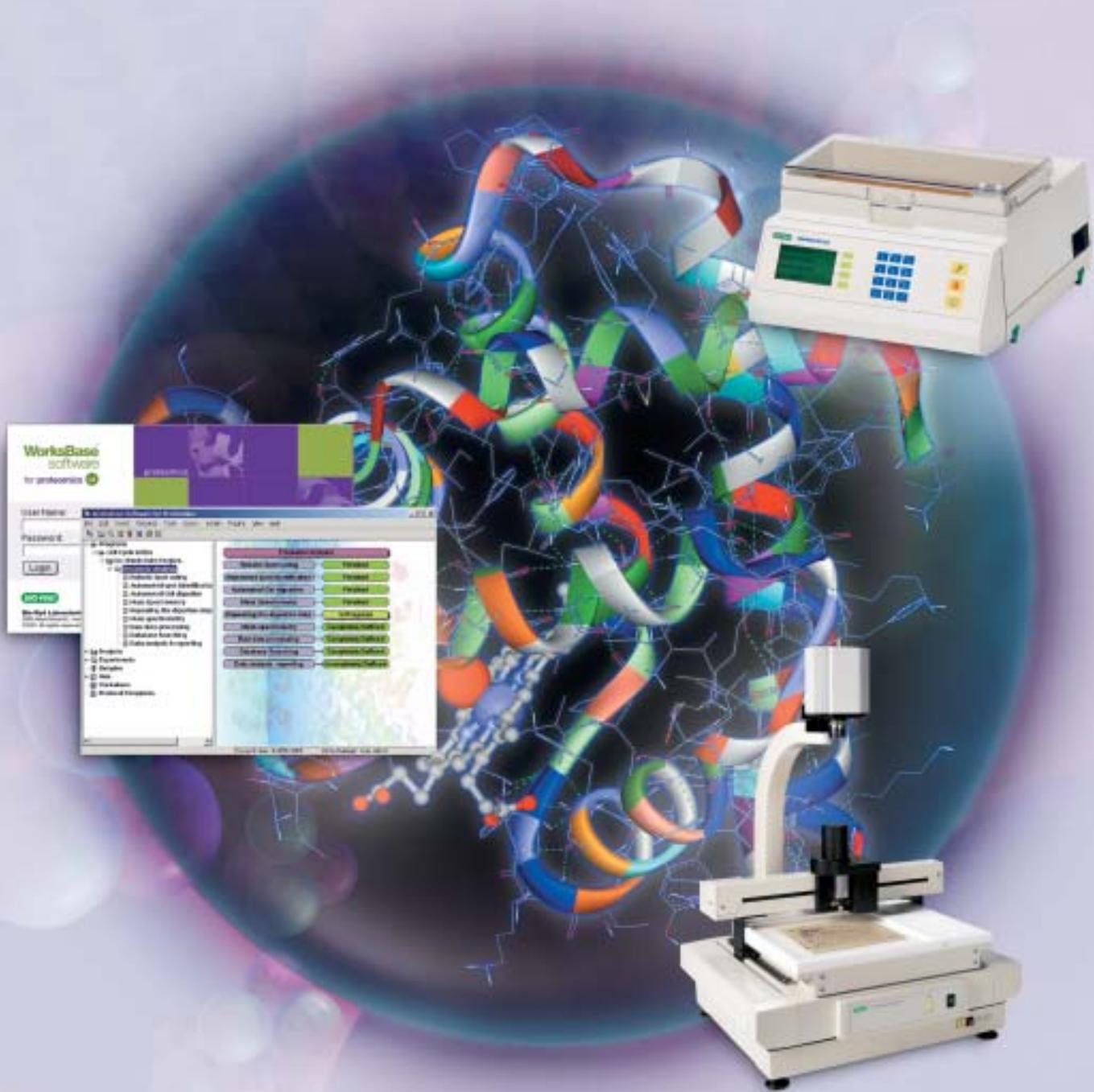
In 2002 Bio-Rad's investment in research and development paid off with the launch of a broad range of new tools for the life science research laboratory. Technological advancements yielded products in real time PCR, electrophoresis, protein analysis, informatics, gene transfer and food pathogen testing. The Company also invested in an important acquisition in 2002, adding instrumentation for microarray, or gene chip technology, to the Life Science product portfolio. Additionally, Bio-Rad initiated a building expansion project on its Hercules, California campus that will help accommodate the Company's continued growth. These investments are building blocks in Bio-Rad's strategy to maximize its opportunities in the areas of functional genomics, proteomics, food science and life science education.

Bio-Rad's Life Science Group outpaced the industry in 2002 with a sales increase of 13 percent over the previous year. Sales reached more than \$429 million and profitability increased by 3 percent. Strong sales of the Group's proteomics and consumable products, amplification technology and food pathogen tests capped off more than five years of consistent growth and placed Bio-Rad ahead of many of its industry counterparts.

## Building A Competitive Advantage In Functional Genomics

Bio-Rad provides complete solutions for studying the function of genes, including technologies for gene expression profiling, DNA amplification, and gene transfer. Bio-Rad's newly acquired microarray, or gene chip technologies include the VersArray™ ChipWriter and VersArray™ ChipReader. The popular iCycler iQ™ and new MyCycler™ products are used for gene amplification and the new XenoWorks™ Microinjection System provides researchers with a powerful tool for studying gene regulation.

Bio-Rad maintains a competitive advantage by creating complete solutions for gene expression research and discovery—technologies encompassing nearly every element of the research process. Individually, each of these products represent significant market potential. Together, they provide Bio-Rad with the opportunity to expand market share in this rapidly growing segment of the life science industry.



### **ProteomeWorks™ System Used In Alzheimer's Research**

Bio-Rad's ProteomeWorks™ System is being used for the comprehensive analysis of altered proteins in a study focusing on the pathology of Alzheimer's disease and schizophrenia. Researchers hope to learn more about the pathology of these neurodegenerative diseases and reveal new potential markers for other brain disorders by studying the structure, interaction and function of structurally abnormal proteins (as shown above, center). The ProteomeWorks™ System incorporates a variety of tools like the Protean IEF System (top right), the spot cutter (bottom), and WorksBase™ software (left) for protein focusing, spot cutting, image analysis and data management.

**Bio-Rad is a leading provider of tools used to study the function of genes and proteins and the roles they play in normal and disease states.**



*Bio-Rad's Biotechnology Explorer™ Program has enabled more than one million students to get hands-on experience with today's laboratory technology. The Company has trained thousands of biology teachers throughout the U.S., Europe and Asia to incorporate modern life science technology into their secondary and college level life science curricula.*

### **Investing In Complete Solutions For Proteomics Research**

Bio-Rad provides complete solutions for the complex tasks associated with the study of protein function and interaction (proteomics). The Company's sophisticated array of products span from the most basic technologies of electrophoresis to the complexity of bioinformatics and include tools for sample preparation, protein separation, imaging, excision, identification, along with data acquisition, analysis and information management.

The flagship of Bio-Rad's protein discovery product line is the ProteomeWorks™ System which incorporates integrated technologies for rapid protein separation, isolation, identification and data generation. This system features a bioinformatics application, WorksBase™ Information Management Software, which interprets and manages the tremendous amount of data generated throughout the entire research process. A complimentary product, the Bio-Plex™ protein array system provides researchers with the capability to extract large amounts of data from the smallest of samples, enabling the simultaneous study of protein pathways.

### **Building Consumer Confidence**

As a natural extension of its expertise in genomics and proteomics, Bio-Rad provides an innovative range of products used for food pathogen testing. The Company experienced significant growth in this area in 2002 and expects to build on that success in 2003 as it continues to invest in food safety testing and expand into environmental testing.

Bio-Rad has persisted in its efforts to aid in the containment of Transmissible Spongiform Encephalopathies (TSE), the family of diseases that includes BSE (bovine spongiform encephalopathy or mad cow disease), scrapie in sheep and Chronic Wasting Disease (CWD) in deer and elk. In 2002, the Company continues to be the leading provider of BSE tests to veterinary diagnostic laboratories throughout the world. Europe and Japan rely on Bio-Rad to support their mass screening programs and help maintain consumer confidence in the safety of the food supply.



*The MyCycler™ Thermal Cycler is an important amplification tool used by researchers to generate sufficient DNA to study cellular activity and disease mechanisms so that better therapeutics may be developed.*

In 2002, Bio-Rad advanced to the next level of veterinary diagnostic testing with the launch of its second generation tests, automated BSE testing systems and a test to detect CWD in deer and elk. Bio-Rad's CWD test is the first rapid test to be approved by the U.S. Department of Agriculture (USDA) and is quickly becoming the standard diagnostic tool used by state veterinary diagnostic laboratories. In 2002 Bio-Rad also introduced new rapid tests for salmonella and listeria.

### **Investing In The Production Of New Drugs**

Bio-Rad is the world's second largest provider of process chromatography products to the biopharmaceutical industry and has made significant investments in this area throughout the past year. The Company already manufactures one of the largest varieties of separation media in the industry and has successfully entered the process hardware market with the introduction of its new EasyPac™ and GelTec™ chromatographic columns. In 2002 Bio-Rad introduced new chemistries and expanded its production facilities to meet increased demand. In 2003 Bio-Rad will introduce new separation media to meet the growing demands of the biopharmaceutical industry.

### **Investing In The Future Of Life Science Research**

Bio-Rad invests in the future by supporting scientific and technological literacy, providing students with tools for practical training in modern biology. By providing leading-edge life science research products to schools, Bio-Rad is not only helping secondary and college level educators achieve national science education standards, it is inspiring students' interest in science and opening doors to career paths in the biotechnology, medical research and pharmaceutical fields. Bio-Rad's Biotechnology Explorer™ Program has provided more than one million U.S. students with the opportunity to explore the fundamental techniques of genetic engineering, the creation of genetically modified organisms, DNA fingerprinting and DNA amplification. Sales of the Company's bio-education products continue to grow steadily. In 2003 Bio-Rad will expand its life science education program around the world and will continue to develop new and interesting technologies that capture the imagination of future life science researchers.

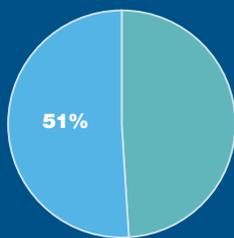


*Top: Bio-Rad's new VersArray™ ChipReader system is a laser confocal instrument designed for rapid imaging of DNA, protein, tissue or cellular microarrays. The system is part of a complete family of products used for a variety of applications including cancer research.*

*Bottom: Bio-Rad's Criterion™ precast gels and gel electrophoresis technologies are used in the preliminary phases of genomics and proteomics research to separate molecules of nucleic acid and protein from complex molecular compounds. These molecules are then isolated and characterized for further study of the functions and behaviors of specific genes and proteins.*

# clinical diagnostics

The Clinical Diagnostics Group reported strong sales in 2002, with growth diversified across the group's core businesses and emerging technologies.



**Segment Sales**



**Sales**

(dollars in millions)



**Segment Profit**

(dollars in millions)

Bio-Rad continues to build on its success in the specialty diagnostics market by investing in innovative products and services and by forging partnerships with other health care companies to improve patient care and increase laboratory efficiency. In 2002 the Company introduced a series of new quality control (QC) products, along with autoimmune and serology tests. The Company also expanded its business in the growing areas of genetic disorders and neonatal testing and utilizes Internet technology for a variety of diagnostic applications, professional education and QC data management. All of these investments are part of Bio-Rad's long-term strategy to provide clinical laboratories throughout the world with complete solutions for these specialty diagnostics needs.

The Clinical Diagnostics Group showed strong growth in both sales and profits in 2002. Revenues increased 9 percent to \$455 million, which is twice the industry average and segment profit increased by 54 percent. Growth in 2002 was diversified across the group's core businesses of blood virus testing, quality control systems and diabetes monitoring. The group also reported increased sales in the emerging areas of autoimmune and genetic disorders testing.

## Investing In Innovative Laboratory Solutions

In 2002 Bio-Rad introduced a variety of new technologies including chemical reagents, instrumentation and Internet-based software. These products can be used separately or in combination to provide the clinical laboratory with complete solutions for medical screening, diagnosis and quality control management. New quality control products include the Liquichek™ ToRCH Plus kit, which is used to monitor the accuracy of diagnostic tests for rubella, herpes simplex 1 and 2 and syphilis. Other products used for autoimmune and serology testing, like the Company's PhD™ system, have rapidly become the standard for medium-volume laboratories seeking cost-effective automation for infectious disease and autoimmune testing. Additionally, Bio-Rad's popular diabetes monitoring products have been augmented by newly developed Internet-based technologies for information management.



### **Type 1 Diabetes Poses Higher Risk To Children Than Most Chronic Diseases**

More than 177 million people are afflicted with diabetes worldwide. The World Health Organization estimates that this number will reach 300 million by 2025. Children between the ages of 10 and 14 are at a higher risk of developing type 1 diabetes than nearly any other serious chronic disease. While there is no cure for diabetes, there are ways to prevent the onset of serious complications. Close monitoring of patients' A<sub>1c</sub> values can lead to improved glycemic control and up to a 40 percent reduction of complications. As a leader in diabetes monitoring, Bio-Rad offers a variety of A<sub>1c</sub> testing platforms that enable physicians and clinical laboratories to provide a variety of diabetes monitoring options to their patients. These products range from hand-held devices like the MICROMAT™ II (bottom) to large-volume instruments like the VARIANT™ II (top right) and are supported by Internet-based data management software like CSN™ (left). A<sub>1c</sub> is a protein marker for diabetes monitoring and is formed when glucose attaches to hemoglobin in circulating red blood cells (center).

# Bio-Rad continues to build on its success in the specialty diagnostics market by investing in innovative products and services to improve patient care and increase laboratory efficiency.



*Top: Thalassemia is the most common inherited single gene disorder in the world – an estimated 7 percent of the world's population carries this hemoglobin disease, which occurs most frequently in people of Italian, Greek, Middle Eastern, South Asian and African descent. Bio-Rad's VARIANT™ II System is one of the products being used in long-term thalassemia prevention programs throughout the world.*

*Bottom: Hospitals, screening institutions, public health laboratories and transfusion centers throughout Europe, Latin America and Asia use Bio-Rad's Evolis™ System for blood virus testing. In 2003 this product is expected to be available in the U.S.*

## **Building Industry Partnerships**

Bio-Rad's Clinical Diagnostics Group is continually investing in opportunities to expand its product portfolio and serve more customers worldwide by building partnerships with other industry leaders. In 2002 the Company established a partnership with one of the United States' leading health care purchasing groups, Premier, Inc. Premier is providing Bio-Rad's comprehensive menu of quality control products, data management software, Internet services and customer support service to more than 1,600 member hospitals and health care providers throughout the country.

The Clinical Diagnostics Group has also found new ways to provide clinical laboratories with a greater variety of testing options by enabling industry partners to access important intellectual property like the hereditary hemochromatosis gene. In 2002 the Company entered into a licensing agreement with Nanogen to utilize this intellectual property to create new technology for gene-based testing. Hereditary hemochromatosis, or iron overload, is one of the most common genetic disorders in the world.

Another important relationship forged in 2002 with Immucor, Inc., a blood and serum test manufacturer, gives Bio-Rad exclusive rights to market and distribute Immucor's tests in France and North Africa. This collaboration builds on both partners' expertise in immunohematology and enables Bio-Rad to reinforce its strong market position in France.

## **Investing In Growth Markets**

Bio-Rad's Clinical Diagnostics Group continues to expand its efforts to aid in the improvement of health care systems throughout the world, especially in emerging nations. Bio-Rad has made substantial inroads in emerging markets like China, Korea, India, Sri Lanka and Russia. In India the Company has expanded its operations and is working to help support government efforts to increase diabetes monitoring and newborn screening programs. The Company is also supplying government hospitals and clinical laboratories with the quality control systems required to support these widespread screening efforts. In Korea Bio-Rad is a leading supplier of test kits for a government sponsored newborn screening program.



*Bio-Rad's AutoimmuneWEB™ is the leading service for on-line, interactive autoimmune customer education. It provides state-of-the-art training and gives laboratory clinicians and medical personnel the ability to optimize their expertise and competency in the area of autoimmune disease.*

In 2002 Bio-Rad strengthened its position in the expanding market of genetic disorders testing through the acquisition of a newborn screening business. Testing for genetic disorders like sickle cell anemia and metabolic difficulties is compulsory for babies born in the U.S. and in most developed nations around the world.

### **Investing In The Future**

In 2002 Bio-Rad's investments in product development paid off with the launch of a variety of new tools including Internet-based technologies that give clinical laboratories throughout the world continual, around-the-clock-access to quality control data, interactive continuing education courses and other important information via the Internet. One new innovation in this area is the AutoimmuneWEB™ system which gives customers online access to comprehensive autoimmune education. Others include Variant™ OnLine, QCNet™ and QC OnCall™ used for on-line instrument service, data review and analysis. These powerful tools have helped expand Bio-Rad's leading position in the important markets of quality control, genetic disorders testing and autoimmune diagnostics.

In 2003 Bio-Rad will introduce the next generation of diabetes monitoring systems, the D-10™ which is designed to perform hemoglobin A<sub>1c</sub> testing. The Company also expects to make its Evolis™ System, now being used extensively in Europe for blood virus testing, available in the U.S. Throughout 2003 and beyond, Bio-Rad's Clinical Diagnostics Group will continue to develop a distinct competitive advantage in the specialty diagnostics market by bringing new and innovative technologies to the clinical laboratory through research and development initiatives, partnerships and acquisitions and by applying the Company's innovations in real-time DNA amplification and proteomics.



*Top: Clinical laboratories rely on products like the new Liquichek™ ToRCH Plus Controls to monitor the precision of diagnostic procedures. These new controls give physicians the assurance they need to verify diagnoses of viruses like rubella, herpes simplex 1 and 2 and syphilis.*

*Bottom: The D-10™ Hemoglobin Testing System delivers superior performance in a compact package. It is a fully automated system that combines A<sub>1c</sub> diabetes monitoring, thalassemia testing and hemoglobinopathy screening into one single platform.*

# sales history

