

INVERNESS MEDICAL INNOVATIONS INC
Form S-4/A
August 08, 2007

Use these links to rapidly review the document

[Table of Contents](#)

As filed with the Securities and Exchange Commission on August 8, 2007

Registration No. 333-144759

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**PRE-EFFECTIVE AMENDMENT NO. 1 TO
FORM S-4/A
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

INVERNESS MEDICAL INNOVATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

2835
(Primary Standard Industrial
Classification Code Number)

04-3565120
(I.R.S. Employer
Identification No.)

**51 Sawyer Road, Suite 200
Waltham, Massachusetts 02453
(781) 647-3900**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Ron Zwanziger
Chairman, Chief Executive Officer and President
51 Sawyer Road, Suite 200
Waltham, Massachusetts 02453
(781) 647-3900

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

John D. Patterson, Jr., Esq.
William R. Kolb, Esq.
John D. Hancock, Esq.
Foley Hoag LLP
Seaport World Trade Center West
155 Seaport Boulevard
Boston, Massachusetts 02210
(617) 832-1000

Cholestech Corporation
3347 Investment Boulevard
Hayward, California 94545
Attn: Warren Pinckert
President and Chief Executive Officer

Robert P. Latta, Esq.
Chris F. Fennell, Esq.
Robert T. Ishii, Esq.
Wilson Sonsini Goodrich & Rosati
Professional Corporation
650 Page Mill Road
Palo Alto, California 94304-1050
(650) 493-9300

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4/A

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this proxy statement/prospectus is not complete and may be changed. Inverness may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this document is a part, is declared effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any representation to the contrary is a criminal offense.

Subject to completion, dated August 8, 2007

Dear Stockholder:

You are cordially invited to attend a special meeting of Cholestech Corporation stockholders to be held on September 12, 2007 at Cholestech's executive offices at 3347 Investment Boulevard, Hayward, California 94545. At the special meeting, Cholestech stockholders will be asked to approve the principal terms of the merger contemplated by the Agreement and Plan of Reorganization that Cholestech entered into as of June 4, 2007 with Inverness Medical Innovations, Inc. and Iris Merger Sub, Inc., a wholly owned subsidiary of Inverness. If the principal terms of the merger are approved, and the other conditions in the merger agreement are satisfied or waived, Iris Merger Sub, Inc. will merge with and into Cholestech, and Cholestech will become a wholly owned subsidiary of Inverness. Upon completion of the merger, each outstanding share of Cholestech common stock will be converted into the right to receive 0.43642 shares of Inverness common stock. Cholestech stockholders will also be asked to give management the discretionary authority to adjourn the meeting to a later date, if necessary, in order to solicit additional proxies in favor of the principal terms of the merger, which is referred to as the adjournment proposal.

Inverness common stock is listed on the American Stock Exchange under the trading symbol "IMA." On August 7, 2007, the closing sale price of Inverness common stock was \$46.36.

Cholestech's board of directors has carefully reviewed and considered the terms and conditions of the merger agreement. Based on its review, Cholestech's board of directors has unanimously determined that the merger is advisable, fair to and in the best interests of Cholestech and its stockholders and recommends that you vote for approval of the principal terms of the merger and for the adjournment proposal.

Your vote is very important. Cholestech cannot complete the merger unless the principal terms of the merger are approved by the affirmative vote of the holders of at least a majority of the outstanding shares of Cholestech common stock entitled to vote at the special meeting. **Whether or not you plan to attend the special meeting, please complete, sign, date and return the enclosed proxy card or submit your proxy by telephone or on the Internet as soon as possible.** If you hold your shares in "street name," you should instruct your broker how to vote in accordance with your voting instruction card. If you do not submit your proxy, instruct your broker how to vote your shares or vote in person at the special meeting, it will have the same effect as a vote against approval of the principal terms of the merger.

The accompanying proxy statement/prospectus explains the merger agreement, proposed merger and adjournment proposal in detail and provides specific information concerning the special meeting. Please review this document carefully. In particular, you should carefully consider the matters discussed under "risk factors" beginning on page 26.

Sincerely,

Warren E. Pinckert II
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger described in this proxy statement/prospectus or the Inverness common stock to be issued in connection with the merger, or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated August 8, 2007 and is first being mailed to stockholders on or about August 9, 2007.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on September 12, 2007

To the Stockholders of Cholestech Corporation:

Notice is hereby given that a special meeting of stockholders (referred to as the Special Meeting) of Cholestech Corporation, a California corporation (referred to as Cholestech), will be held on September 12, 2007 at 10:00 A.M., local time, at Cholestech's executive offices at 3347 Investment Boulevard, Hayward, California 94545, for the following purposes:

1. To consider and vote upon a proposal to approve the principal terms of the merger contemplated by the Agreement and Plan of Reorganization, dated as of June 4, 2007, by and among Inverness Medical Innovations, Inc. (referred to as Inverness), Iris Merger Sub, Inc., a wholly owned subsidiary of Inverness, and Cholestech, pursuant to which Iris Merger Sub will merge with and into Cholestech, and Cholestech will become a wholly owned subsidiary of Inverness, which we refer to as the merger proposal.
2. To consider and vote upon a proposal to grant management the discretionary authority to adjourn the Special Meeting to a later date or dates, if necessary, in order to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to approve the merger proposal, which we refer to as the adjournment proposal.
3. To transact such other business as may properly come before the Special Meeting or any adjournment or postponement thereof.

The merger proposal and the adjournment proposal are more fully described in the accompanying proxy statement/prospectus, which you should read carefully in its entirety before voting.

Only holders of record of Cholestech common stock at the close of business on August 1, 2007 are entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof. A majority of the shares of Cholestech common stock outstanding on the record date must be voted in favor of the merger proposal in order for the merger to be completed. Therefore, your vote is very important. Your failure to vote your shares is the same as voting against the merger proposal.

Dissenters' rights may be available under Chapter 13 of the California General Corporation Law in connection with the merger. In order to exercise dissenters' rights, Cholestech stockholders must deliver a written demand to Cholestech no later than the date of the Special Meeting and must vote "**AGAINST**" the merger proposal. A copy of the applicable California statutory provisions is included as Annex D of the attached proxy statement/prospectus, and a summary of these provisions can be found under "Dissenters' Rights" in the attached proxy statement/prospectus.

All Cholestech stockholders are cordially invited to attend the Special Meeting in person. However, to assure your representation at the Special Meeting, please vote as soon as possible using one of the following methods: (1) by telephone by calling the toll free number as instructed on the enclosed proxy card, (2) by using the Internet as instructed on the enclosed proxy card or (3) by mail by completing, signing, dating and returning the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any stockholder attending the Special Meeting may vote in person even if he or she has voted using the proxy card.

The board of directors of Cholestech unanimously recommends that you vote "**FOR**" the approval of the merger proposal and "**FOR**" the adjournment proposal.

By Order of the Board of Directors

/s/ JOHN F. GLENN

John F. Glenn
Corporate Vice President of Finance,
Chief Financial Officer, Treasurer
and Secretary

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4/A

Hayward, California
August 8, 2007

IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE VOTE BY (1) TELEPHONE, (2) USING THE INTERNET OR (3) COMPLETING AND PROMPTLY RETURNING THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED.

Table of Contents

	<u>Page</u>
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING</u>	4
<u>SUMMARY</u>	9
<u>The Companies</u>	9
<u>The Merger</u>	10
<u>Risk Factors</u>	10
<u>Cholestech Stockholders' Meeting; Vote Required</u>	11
<u>Recommendation of Cholestech's Board of Directors</u>	11
<u>Opinion of Cholestech's Financial Advisor</u>	12
<u>Ownership of Inverness Following the Merger</u>	12
<u>Share Ownership of Cholestech Directors and Executive Officers</u>	12
<u>Listing of Inverness Common Stock and Delisting and Deregistration of Cholestech Common Stock</u>	13
<u>Dissenters' Rights</u>	13
<u>Conditions to Completion of the Merger</u>	13
<u>Regulatory Matters</u>	14
<u>Cholestech Is Prohibited From Soliciting Other Offers</u>	14
<u>Termination of the Merger Agreement and Termination Fee</u>	15
<u>Material United States Federal Income Tax Consequences of the Merger</u>	15
<u>Accounting Treatment</u>	16
<u>Comparison of Rights of Inverness Stockholders and Cholestech Stockholders</u>	16
<u>SUMMARY SELECTED HISTORICAL FINANCIAL DATA OF INVERNESS</u>	17
<u>SUMMARY SELECTED HISTORICAL FINANCIAL DATA OF CHOLESTECH</u>	19
<u>SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA</u>	21
<u>COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA</u>	23
<u>COMPARATIVE PER SHARE MARKET PRICE DATA</u>	25
<u>RISK FACTORS</u>	26
<u>Risk Factors Relating to the Merger</u>	26
<u>Risk Factors Relating to Inverness</u>	29
<u>Risk Factors Relating to Cholestech</u>	45
<u>CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS</u>	57
<u>THE CHOLESTECH SPECIAL MEETING</u>	58
<u>PROPOSAL ONE THE MERGER</u>	61
<u>Background of the Merger</u>	61
<u>Recommendation of Cholestech's Board of Directors and Cholestech's Reasons for the Merger</u>	66
<u>Opinion of Cholestech's Financial Advisor</u>	69
<u>Inverness' Reasons for the Merger</u>	80
<u>Interests of Executive Officers and Directors of Cholestech in the Merger</u>	82
<u>Material United States Federal Income Tax Consequences of the Merger</u>	86
<u>Regulatory Matters</u>	89
<u>Accounting Treatment</u>	89
<u>Listing of Inverness Common Stock</u>	90
<u>Delisting and Deregistration of Cholestech Common Stock after the Merger</u>	90
<u>Dissenters' Rights</u>	90
<u>Restrictions on Sales of Shares of Inverness Common Stock Received in the Merger</u>	93
<u>THE MERGER AGREEMENT</u>	94
<u>The Merger</u>	94
<u>Completion and Effectiveness of the Merger</u>	94

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4/A

<u>Conversion of Securities</u>	94
<u>Treatment of Cholestech Stock Options and Assumption of Cholestech Stock Option Plans; Termination of Employee Stock Purchase Plan</u>	95
<u>Treatment of Cholestech Restricted Stock</u>	95
<u>Fractional Shares</u>	96
<u>Exchange Procedures</u>	96
<u>Distributions with Respect to Unexchanged Shares</u>	97
<u>Lost, Stolen and Destroyed Certificates</u>	97
<u>Dissenters' Rights</u>	97
<u>Representations and Warranties</u>	97
<u>Cholestech's Conduct of Business Before Completion of the Merger</u>	99
<u>Obligation of Cholestech's Board of Directors with Respect to Its Recommendation and Holding of a Stockholders' Meeting</u>	100
<u>No Solicitation of Other Offers</u>	101
<u>Commercially Reasonable Efforts</u>	103
<u>Director and Officer Indemnification and Insurance</u>	104
<u>Employee Benefits; 401(k) Plan</u>	104
<u>Conditions to Obligations to Complete the Merger</u>	105
<u>Definition of Material Adverse Effect</u>	106
<u>Termination</u>	107
<u>Termination Fee</u>	108
<u>Miscellaneous</u>	109
<u>THE VOTING AGREEMENTS</u>	110
<u>Agreement to Vote and Irrevocable Proxy</u>	110
<u>Transfer Restrictions</u>	110
<u>Termination</u>	110
<u>SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA</u>	111
<u>COMPARISON OF STOCKHOLDER RIGHTS</u>	127
<u>PROPOSAL TWO ADJOURNMENT OF THE SPECIAL MEETING</u>	143
<u>FUTURE CHOLESTECH STOCKHOLDER PROPOSALS</u>	144
<u>LEGAL MATTERS</u>	144
<u>EXPERTS</u>	144
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	145
<i>Annexes</i>	
<u>Annex A Agreement and Plan of Reorganization</u>	
<u>Annex B Voting Agreement</u>	
<u>Annex C Opinion of Savvian Advisors, LLC</u>	
<u>Annex D Chapter 13 of California General Corporation Law</u>	

Cholestech's fiscal year is a 52 or 53-week period ending on the last Friday in March. Fiscal year 2007 consisted of 52 weeks, fiscal year 2006 consisted of 53 weeks, and fiscal years 2005, 2004 and 2003 consisted of 52 weeks. The fiscal years ending March 30, 2007, March 31, 2006, March 25, 2005, March 26, 2004, and March 28, 2003 are referred to throughout this prospectus as fiscal year 2007, 2006, 2005, 2004, and 2003, respectively.

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Inverness and Cholestech from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 145 of this proxy statement/prospectus.

Inverness will provide you with copies of such documents relating to Inverness (excluding all exhibits unless Inverness has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

**Inverness Medical Innovations, Inc.
51 Sawyer Road, Suite 200
Waltham, Massachusetts 02453
(781) 647-3900
Attention: Doug Guarino**

Cholestech will provide you with copies of such documents relating to Cholestech (excluding all exhibits unless Cholestech has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

**Cholestech Corporation
3347 Investment Boulevard
Hayward, California 94545
(510) 781-5065
Attention: John Glenn**

In order for you to receive timely delivery of the documents in advance of the Cholestech special meeting, Inverness or Cholestech should receive your request no later than September 5, 2007.

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are some questions that you, as a stockholder of Cholestech, may have regarding the merger and the special meeting of Cholestech stockholders and brief answers to those questions. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you with respect to the merger being considered at the special meeting. Additional important information is also contained in the annexes to, and the documents incorporated by reference in, this proxy statement/prospectus.

Q: Why am I receiving this proxy statement/prospectus?

A: Inverness has agreed to acquire Cholestech under the terms of a merger agreement that is described in this proxy statement/prospectus. Please see "The Merger Agreement" beginning on page 94 of this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger, Cholestech stockholders must approve the principal terms of the merger, and all other conditions to the merger must be satisfied or waived. Cholestech will hold a special meeting of its stockholders to obtain this approval.

This proxy statement/prospectus contains important information about the merger, the merger agreement and the special meeting of the stockholders of Cholestech, and you should read this proxy statement/prospectus carefully.

Your vote is very important. We encourage you to vote as soon as possible. The enclosed voting materials allow you to vote your Cholestech shares without attending the special meeting. For more specific information on how to vote, please see the questions and answers below.

Q: Why are Inverness and Cholestech proposing the merger?

A: Inverness and Cholestech believe that combining their strengths is in the best interests of each company and its stockholders. The acquisition of Cholestech by Inverness presents a unique opportunity for the companies to come together and accelerate solutions for and innovation in the advanced diagnostic devices market. By combining forces with Inverness, Cholestech expects to be able to provide a broader range of solutions to its customers, leverage its substantial industry experience, gain greater potential for expanded investment in research and development and accelerate time to market with next generation technologies and solutions. To review the reasons for the merger in greater detail, see "The Merger Recommendation of Cholestech's Board of Directors and Cholestech's Reasons for the Merger" beginning on page 66 and "The Merger Inverness' Reasons for the Merger" beginning on page 80 of this proxy statement/prospectus.

Q: How does Cholestech's board of directors recommend that Cholestech stockholders vote?

A: The Cholestech board of directors unanimously recommends that Cholestech stockholders vote **"FOR"** the proposal to approve the principal terms of the merger. The Cholestech board of directors has determined that the merger agreement and the merger are advisable, fair to and in the best interests of Cholestech and its stockholders. Accordingly, the Cholestech board of directors has approved the merger agreement and the merger contemplated by the merger agreement. For a more complete description of the recommendation of the Cholestech board of directors, see "The Cholestech Special Meeting" beginning on page 58 of this proxy statement/prospectus and "The Merger Recommendation of Cholestech's Board of Directors and Cholestech's Reasons for the Merger" beginning on page 66 of this proxy statement/prospectus.

Q: Am I being asked to vote on anything else?

A: Yes. The Cholestech board of directors is asking you to authorize Cholestech management to adjourn the special meeting to a date not later than October 26, 2007 if the number of shares of

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4/A

Cholestech common stock represented and voting in favor of approval of the principal terms of the merger is insufficient to approve the principal terms of the merger under California law. Adjourning the special meeting to a later date will give Cholestech additional time to solicit proxies to vote in favor of the principal terms of the merger. The Cholestech board of directors recommends that you vote **"FOR"** the adjournment proposal.

Q:
What will happen in the merger?

A:
Pursuant to the terms of the merger agreement, Iris Merger Sub, Inc., a wholly owned subsidiary of Inverness, will merge with and into Cholestech, and Cholestech will survive and continue as a wholly owned subsidiary of Inverness.

Q:
What consideration will Cholestech stockholders receive in the merger?

A:
Cholestech stockholders will receive 0.43642 shares of Inverness common stock for each share of Cholestech common stock they own. We call this number the exchange ratio. Each Cholestech stockholder will receive cash for any fractional share of Inverness common stock that such stockholder would be entitled to receive in the merger after aggregating all fractional shares to be received by such stockholder.

Q:
When do Inverness and Cholestech expect the merger to be completed?

A:
Inverness and Cholestech are working to complete the merger as quickly as practicable and currently expect that the merger could be completed promptly after the special meeting. However, we cannot predict the exact timing of the completion of the merger because it is subject to regulatory approvals and other conditions.

Q:
What are the United States federal income tax consequences of the merger?

A:
We expect the merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the Internal Revenue Code. If the merger qualifies as a reorganization, Cholestech stockholders generally will not recognize any gain or loss upon the receipt of Inverness common stock in exchange for Cholestech common stock in connection with the merger, except for cash received in lieu of a fractional share of Inverness common stock.

Cholestech stockholders are urged to read the discussion in the section entitled "The Merger Material United States Federal Income Tax Consequences of the Merger" beginning on page 86 of this proxy statement/prospectus and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effects of state, local and foreign tax laws.

Q:
What vote of Cholestech stockholders is required to approve the principal terms of the merger?

A:
Approval of the principal terms of the merger requires the affirmative vote of the holders of a majority of the outstanding shares of Cholestech common stock entitled to vote at the special meeting. Only holders of record of Cholestech common stock at the close of business on August 1, 2007, which we refer to as the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were 15,630,756 shares of Cholestech common stock outstanding and entitled to vote at the special meeting.

Q:
What vote of Cholestech stockholders is required to approve the adjournment proposal?

A:
Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Cholestech common stock present and voting, either in person or by proxy, (which shares voting affirmatively also must constitute at least a majority of the required quorum) at the special meeting.

Q: Are there any risks related to the merger or any risks related to owning Cholestech or Inverness common stock?

A: Yes. You should carefully review the section entitled "Risk Factors" beginning on page 26 of this proxy statement/prospectus.

Q: Are any stockholders already committed to vote in favor of the merger?

A: Yes. Pursuant to voting agreements with Inverness, each director and certain executive officers of Cholestech have agreed to vote his or her shares of Cholestech common stock held on the record date at the special meeting in favor of the merger proposal. These shares represented approximately 0.9% of the outstanding shares of Cholestech common stock as of the record date. For a more complete description of the voting agreements, see "The Voting Agreements" beginning on page 110 of this proxy statement/prospectus. The form of voting agreement is also attached to this proxy statement/prospectus as Annex B.

Q: Am I entitled to dissenters' rights?

A: If you are a Cholestech stockholder, under California law, you may have the right to dissent from the merger and obtain payment in cash for the fair market value of your shares of Cholestech common stock rather than shares of Inverness common stock. In order to exercise dissenters' rights, holders of at least 5% of the outstanding shares of Cholestech common stock must have filed a demand for payment under Chapter 13 of the California General Corporation Law. If you wish to exercise dissenters' rights or preserve your right to do so, you must precisely comply with all of the procedures set forth in Chapter 13 of the California General Corporation Law, including voting "AGAINST" the approval of the principal terms of the merger and delivering a written demand to Cholestech for purchase of your shares before the date of the special meeting. Chapter 13 of the California General Corporation Law is attached to this proxy statement/prospectus as Annex D.

Holders of Inverness common stock are not entitled to dissenters' rights in connection with the issuance of Inverness common stock in the merger.

Q: What will happen to Cholestech's outstanding options in the merger?

A: Cholestech's outstanding options will be assumed by Inverness in the merger. Each option so assumed will thereafter represent an option to purchase a number of shares of Inverness common stock equal to the number of shares of Cholestech common stock subject to the option immediately prior to the merger (whether or not vested) multiplied by the exchange ratio, which is 0.43642 (rounded down to the nearest whole share). The assumed options will have the same vesting and expiration provisions as the original Cholestech options. The exercise price per share for each assumed Cholestech option will be equal to the exercise price per share of the original Cholestech option divided by the exchange ratio, rounded up to the nearest whole cent.

Q: When and where will the special meeting of Cholestech stockholders be held?

A: The special meeting will be held at Cholestech's executive offices at 3347 Investment Boulevard, Hayward, California 94545 on September 12, 2007, at 10:00 A.M. local time.

Q: Who can attend and vote at the special meeting?

A: All Cholestech stockholders of record as of the close of business on the record date are entitled to receive notice of and to vote at the special meeting.

Q: What should I do now in order to vote on the proposals being considered at the special meeting?

A:

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4/A

Cholestech stockholders as of the record date may vote by proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope or by

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4/A

submitting a proxy over the Internet or by telephone following the instructions on the enclosed proxy card. If you hold Cholestech common stock in "street name," which means that your shares are held of record by a broker, bank or other nominee, you must complete, sign, date and return the enclosed voting instruction form to the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction form used by your broker, bank or other nominee to see if you may submit voting instructions using the Internet or telephone.

Additionally, you may also vote in person by attending the special meeting. If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in "street name," and you wish to vote at the special meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the special meeting. Whether or not you plan to attend the special meeting, you should submit your proxy card or voting instruction form as described in this proxy statement/prospectus.

Q:

Do I need to send in my Cholestech stock certificates now?

A:

No. You should not send in your Cholestech stock certificates now. Following the merger, a letter of transmittal will be sent to Cholestech stockholders informing them where to deliver their Cholestech stock certificates in order to receive shares of Inverness common stock and any cash in lieu of a fractional share of Inverness common stock. You should not send in your Cholestech common stock certificates prior to receiving this letter of transmittal.

Q:

What will happen if I abstain from voting or fail to vote?

A:

Your abstention or failure to vote or to instruct your broker, bank or other nominee to vote if your shares are held in "street name" (referred to as a broker non-vote) will have the same effect as a vote against the proposal to approve the principal terms of the merger. With respect to the adjournment proposal, abstentions and broker non-votes will have no effect on the outcome of the vote on the proposal, as long as the shares voting affirmatively in favor of the proposal constitute at least a majority of the required quorum. To the extent that the shares voting affirmatively in favor of the proposal do not constitute at least a majority of the required quorum, abstentions and broker non-votes will have the same effect as a vote against the proposal. If you submit a signed proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted FOR the merger proposal and the adjournment proposal.

Q:

Can I change my vote after I have delivered my proxy?

A:

Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the special meeting by:

delivering a signed written notice of revocation to the Corporate Secretary of Cholestech;

signing and delivering a new, valid proxy bearing a later date;

submitting another proxy by telephone or on the Internet (your latest telephone or Internet voting instructions will be followed); or

attending the special meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held in "street name," you must contact your broker, bank or other nominee to change your vote.

Q:

What should I do if I receive more than one set of voting materials for the special meeting?

A:

You may receive more than one set of voting materials for the special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction forms. For example, if you hold your shares in more than one

brokerage account, you will receive a separate

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4/A

voting instruction form for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. For each and every proxy card and voting instruction form you receive, please vote as soon as possible using one of the following methods: (1) by telephone by calling the toll free number as instructed on the enclosed proxy card, (2) by using the Internet as instructed on the enclosed proxy card or (3) by mail by completing, signing, dating and returning the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose.

Q:

Who can help answer my questions?

A:

If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card or voting instructions, you should contact:

**Cholestech Corporation
Attention: John Glenn
3347 Investment Boulevard
Hayward, California 94545
(510) 781-5065**

Toll Free within the United States and Canada: 1-800-733-0404

SUMMARY

The following is a summary that highlights information contained in this proxy statement/prospectus. This summary may not contain all of the information that may be important to you. For a more complete description of the merger agreement and the merger contemplated by the merger agreement, we encourage you to read carefully this entire proxy statement/prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about Inverness and Cholestech that has been filed with the Securities and Exchange Commission, referred to as the SEC. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" beginning on page 145 of this proxy statement/prospectus.

The Companies

Inverness Medical Innovations, Inc.
51 Sawyer Road, Suite 200
Waltham, Massachusetts 02453
(781) 647-3900

Inverness is a leading global developer, manufacturer and marketer of in vitro diagnostic products for the over-the-counter pregnancy and fertility/ovulation test market and the professional rapid diagnostic test market. Its business is organized into three reportable segments: professional diagnostic products, consumer diagnostic products and vitamins and nutritional supplements. Through its professional diagnostics segment, Inverness develops, manufactures and markets 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. Inverness' consumer diagnostic segment consists primarily of manufacturing operations related to its role as the exclusive manufacturer of products for SPD Swiss Precision Diagnostics, or Swiss Precision, Inverness' 50/50 joint venture with The Procter & Gamble Company, or P&G. Swiss Precision holds a leadership position in the worldwide over-the-counter pregnancy and fertility/ovulation test market. Inverness also manufactures and markets a variety of vitamins and nutritional supplements under its other brands and those of private label retailers primarily in the U.S. consumer market. Inverness has grown its businesses by leveraging its strong intellectual property portfolio and making selected strategic acquisitions. Its products are sold in approximately 90 countries through its direct sales force and an extensive network of independent global distributors.

Recent Developments

On August 6, 2007, Inverness agreed to acquire HemoSense, Inc., a point-of-care diagnostic healthcare company that manufactures and sells easy-to-use, handheld blood coagulation systems for monitoring patients taking warfarin, in a stock for stock merger at a fixed exchange ratio of 0.274192 shares of Inverness common stock for each share of common stock of HemoSense. Based on this exchange ratio and HemoSense's capitalization as of July 31, 2007, Inverness expects to issue approximately 3,632,377 shares of Inverness common stock to the HemoSense stockholders, and reserve approximately 743,979 shares of Inverness common stock for future issuance upon the exercise of assumed options and warrants. The completion of the merger is subject to various closing conditions, including obtaining the approval of HemoSense stockholders and the satisfaction of regulatory conditions (including under the Hart-Scott-Rodino Antitrust Improvements Act of 1976). In connection with the merger agreement, certain HemoSense stockholders have entered into voting agreements with Inverness under which they have agreed to vote 33% of the outstanding shares of common stock of HemoSense in favor of the transaction at the meeting of the HemoSense stockholders. The transaction is structured as a tax-free reorganization and is expected to close during the fourth quarter of 2007.

Cholestech Corporation
3347 Investment Boulevard
Hayward, California 94545
(510) 732-7200

Cholestech is a leading provider of diagnostic tools and information for immediate risk assessment and therapeutic monitoring of heart disease and inflammatory disorders. Cholestech is committed to enabling people to lead longer, healthier and more active lives. Cholestech provides easy to use, accessible diagnostic tools and information to health care practitioners in over 35 countries around the world. Cholestech offers efficient and economic diagnostic testing for cholesterol and related lipids and liver enzymes at the point of care. Health care providers can use the CLIA-waived Cholestech LDX(R) System and the hs-CRP test, which is cleared by the FDA for use in moderate complexity labs, to initiate and monitor the progress of patient therapy. By providing effective disease management solutions, Cholestech's goal is to be a leading provider of diagnostic tools and information for immediate risk assessment and therapeutic monitoring of heart disease and inflammatory disorders. Cholestech was incorporated in the state of California in February 1988.

The Merger

(see page 94)

Inverness and Cholestech agreed to the acquisition of Cholestech by Inverness under the terms of the merger agreement that is described in this proxy statement/prospectus. Pursuant to the merger agreement, Iris Merger Sub, Inc., a wholly owned subsidiary of Inverness, will merge with and into Cholestech, with Cholestech surviving the merger and continuing as a wholly owned subsidiary of Inverness. Throughout this proxy statement/prospectus, we refer to Inverness' acquisition of Cholestech pursuant to the merger agreement as the merger. We have attached the merger agreement as Annex A to this proxy statement/prospectus. We encourage you to read carefully the merger agreement in its entirety because it is the legal document that governs the merger.

Merger Consideration and the Treatment of Cholestech Stock Options

Cholestech stockholders will receive 0.43642 shares of Inverness common stock, referred to as the exchange ratio, for each share of Cholestech common stock they own. As a result, Inverness expects to issue approximately 6,821,575 shares of Inverness common stock in the merger based on the number of shares of Cholestech common stock outstanding on August 1, 2007. The stock to be issued to Cholestech stockholders by Inverness is referred to as the merger consideration. Each outstanding option to purchase Cholestech common stock will be assumed by Inverness and will be converted at the effective time of the merger into an option to acquire Inverness common stock. Each option so assumed will thereafter represent an option to purchase a number of shares of Inverness common stock equal to the number of shares of Cholestech common stock subject to the option immediately prior to the merger (whether or not vested) multiplied by the exchange ratio. The exercise price per share for each assumed Cholestech option will be equal to the exercise price per share of the original Cholestech option divided by the exchange ratio.

For a full description of the merger consideration, see "The Merger Agreement Conversion of Securities" beginning on page 94 of this proxy statement/prospectus. For a full description of the treatment of Cholestech stock options, see "The Merger Agreement Treatment of Cholestech Stock Options and Assumption of Cholestech Stock Option Plans; Termination of Employee Stock Purchase Plan" beginning on page 95 of this proxy statement/prospectus.

Fractional Shares

Inverness will not issue fractional shares of Inverness common stock in the merger. As a result, Cholestech stockholders will receive cash for any fractional share of Inverness common stock that they would otherwise be entitled to receive in the merger.

For a full description of the treatment of fractional shares, see "The Merger Agreement Fractional Shares" beginning on page 96 of this proxy statement/prospectus.

Risk Factors

(see page 26)

In evaluating the merger, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled "Risk Factors" beginning on page 26 of this proxy statement/prospectus.

Cholestech Stockholders' Meeting; Vote Required

(see page 58)

The special meeting of Cholestech stockholders will be held on September 12, 2007 at 10:00 A.M., local time, at Cholestech's executive offices at 3347 Investment Boulevard, Hayward, California 94545. At the special meeting, Cholestech stockholders will be asked to approve the principal terms of the merger and to grant discretionary authority to Cholestech management to vote your shares to adjourn the special meeting to a date not later than October 26, 2007 to solicit additional proxies if there are not sufficient votes for approval of the principal terms of the merger.

Only holders of record of Cholestech common stock at the close of business on August 1, 2007, the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were 15,630,756 shares of Cholestech's common stock outstanding and entitled to vote at the special meeting.

Approval of the principal terms of the merger requires the affirmative vote of the holders of a majority of the outstanding shares of Cholestech common stock entitled to vote on the record date. Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Cholestech common stock present and voting, either in person or by proxy, (which shares voting affirmatively also must constitute at least a majority of the required quorum) at the special meeting.

Recommendation of Cholestech's Board of Directors

(see page 66)

Cholestech's board of directors has unanimously determined that the merger is advisable, fair to and in the best interests of Cholestech and its stockholders, and recommends that you vote "**FOR**" approval of the principal terms of the merger and "**FOR**" the proposal to grant discretionary authority to the persons named as proxies to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the principal terms of the merger.

In considering the recommendation of the Cholestech board of directors with respect to the merger, Cholestech stockholders should be aware that certain executive officers and directors of Cholestech have interests in the merger that may be different from, or in addition to, the interests of Cholestech stockholders generally. These interests include:

severance and change of control benefits that will be owed to certain executive officers of Cholestech if they are terminated after the transaction;

the positions at Inverness that certain Cholestech executive officers are expected to hold upon completion of the merger;

the continued indemnification and directors' and officers' insurance coverage of current Cholestech directors and officers following the merger; and

cash payments, made to certain executive officers of Cholestech, in lieu of annual stock option grants.

The Cholestech board of directors was aware of these interests and considered them, among other matters, in making its recommendation.

Opinion of Cholestech's Financial Advisor

(see page 69)

Cholestech's financial advisor, Savvian Advisors, LLC, or Savvian, delivered an opinion to the board of directors of Cholestech to the effect that, as of June 3, 2007 and based upon and subject to the various considerations described in its written opinion, the exchange ratio was fair from a financial point of view to the holders of the outstanding shares of Cholestech common stock.

The full text of the written opinion of Savvian, which sets forth the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by Savvian in rendering its opinion, is attached as Annex C to this proxy statement/prospectus. Holders of Cholestech common stock are urged to, and should, read the opinion carefully and in its entirety. Savvian provided its opinion for the information and assistance of the board of directors of Cholestech in connection with its consideration of the merger. The Savvian opinion addresses only the fairness, from a financial point of view, of the exchange ratio to the holders of Cholestech common stock as of the date of the Savvian opinion. The Savvian opinion does not address any other aspect of the proposed merger and does not constitute a recommendation as to how any holder of Cholestech common stock should vote or act with respect to the merger or any other matter.

Ownership of Inverness Following the Merger

Based on the number of shares of Cholestech common stock outstanding as of the record date, Inverness expects to issue approximately 6,821,575 shares of Inverness common stock in the merger. Based on the number of shares of Cholestech common stock and the number of shares of Inverness common stock outstanding on the record date, after completion of the merger, former Cholestech stockholders are expected to own approximately 13% of the then-outstanding shares of Inverness common stock.

Share Ownership of Cholestech Directors and Executive Officers

As of the record date, the directors and executive officers of Cholestech beneficially owned and were entitled to vote 141,445 shares of Cholestech common stock, which represent approximately 0.9% of the Cholestech common stock outstanding on that date. Concurrently with the execution and delivery of the merger agreement, on June 4, 2007, Inverness entered into a voting agreement with each of the directors and certain executive officers of Cholestech. For more information regarding the voting agreements, see "The Voting Agreements" beginning on page 110 of this proxy statement/prospectus. The form of voting agreement is attached to this proxy statement/prospectus as Annex B.

Listing of Inverness Common Stock and Delisting and Deregistration of Cholestech Common Stock

(see page 90)

Application will be made to have the shares of Inverness common stock issued in the merger approved for listing on the American Stock Exchange. If the merger is completed, Cholestech common stock will no longer be listed on the Nasdaq Global Market and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and Cholestech will no longer file periodic reports with the SEC.

Dissenters' Rights

(see page 90)

In the event that the stockholders of at least 5% of the outstanding shares of Cholestech common stock have filed a demand for payment under Chapter 13 of the California General Corporation Law no later than the date of the special meeting, the Cholestech stockholders who have filed such a demand will have the right to have Cholestech purchase their shares at the fair market value of those shares determined under Chapter 13 of the California General Corporation Law. The shares subject to such purchase are called "dissenting shares." In general, to preserve their dissenters' rights, Cholestech stockholders who wish to exercise these rights must:

vote their shares of Cholestech common stock "**AGAINST**" approval of the principal terms of the merger;

deliver a written demand to Cholestech for purchase of their shares, which must be received by Cholestech no later than the date of the special meeting;

submit the dissenting shares for endorsement in accordance with Section 1302 of the California General Corporation Law; and

comply with the other provisions of Chapter 13 of the California General Corporation Law, including continuously holding their shares of Cholestech common stock from the date they make the demand through the completion of the merger.

The text of the California General Corporation Law governing dissenters' rights is attached to this proxy statement/prospectus as Annex D. Your failure to comply with the procedures described in Annex D will result in the loss of your dissenters' rights.

Conditions to Completion of the Merger

(see page 105)

A number of conditions must be satisfied before the merger will be completed. These include, among others:

the receipt of the approval of the principal terms of the merger by Cholestech stockholders;

the effectiveness of a registration statement on Form S-4 and there being no pending or threatened stop order relating thereto;

the absence of any law or order that makes the consummation of the merger illegal;

the termination or expiration of all necessary waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, referred to as the HSR Act;

the absence of any instituted or pending action or proceeding by any governmental entity seeking (a) to interfere with the ownership or operation by Inverness of the business of Cholestech or Inverness or any of their subsidiaries, (b) to compel Inverness to dispose of or

Edgar Filing: INVERNESS MEDICAL INNOVATIONS INC - Form S-4/A

hold separate any portion of the business or assets of Cholestech or Inverness or any of their subsidiaries, (c) to impose limitations on the ability of Inverness to exercise full rights of ownership of the shares of Cholestech common stock or (d) to require divestiture by Inverness or any of its subsidiaries of any shares of Cholestech common stock;

the continued accuracy, in all material respects, of the representations and warranties of the parties regarding their capital structures and the due authorization of the merger agreement and, in the case of Cholestech, representations and warranties regarding its board approval, its fairness opinion, and the inapplicability of anti-takeover plans and statutes to the merger;

the continued accuracy of all other representations and warranties of the parties, except to the extent that breaches of such representations and warranties would not result in a material adverse effect on the party making the representation or warranty;

the performance or compliance in all material respects of each party with all agreements and covenants contained in the merger agreement and required to be performed or complied with at or before the closing;

the delivery of tax opinions of legal counsel to the effect that the merger will qualify as a tax-free "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code;

the absence of material adverse effects with respect to either party since June 4, 2007; and

the authorization for listing on the American Stock Exchange of the shares of Inverness common stock to be issued in the merger.

Each of Inverness, Iris Merger Sub and Cholestech may waive the conditions to the performance of its respective obligations under the merger agreement and complete the merger even though one or more of these conditions have not been met. Neither Inverness nor Cholestech can give any assurance that all of the conditions to the merger will be either satisfied or waived or that the merger will occur.

Regulatory Matters

(see page 89)

The merger is subject to antitrust laws. Inverness and Cholestech have made all required filings under applicable U.S. antitrust laws with the Antitrust Division of the United States Department of Justice, referred to as the Antitrust Division, and the United States Federal Trade Commission, referred to as the FTC.

Cholestech Is Prohibited From Soliciting Other Offers

(see page 101)

The merger agreement contains detailed provisions that prohibit Cholestech, its subsidiaries and their respective officers, directors and representatives from taking any action to solicit or engage in discussions or negotiations with any person or group with respect to an acquisition proposal, as defined in the merger agreement, including an acquisition that would result in the person or group acquiring more than a 15% interest in Cholestech's total outstanding securities, a sale of assets of Cholestech that generate or constitute more than 10% of Cholestech's net revenue, net income or assets, or a merger or other business combination. The merger agreement does not, however, prohibit Cholestech's board of directors from considering and recommending to Cholestech's stockholders an unsolicited acquisition proposal from a third party if specified conditions are met.

Termination of the Merger Agreement and Termination Fee

(see page 107)

Under circumstances specified in the merger agreement, either Inverness or Cholestech may terminate the merger agreement. Subject to the limitations set forth in the merger agreement, the circumstances generally include if:

Inverness and Cholestech mutually agree to terminate the merger agreement;

the merger is not consummated by December 3, 2007;

a final, non-appealable order is issued or granted by a governmental entity in the United States or any foreign jurisdiction that enjoins or otherwise prohibits the merger from proceeding; or

the Cholestech stockholders do not approve the principal terms of the merger at the special meeting.

Inverness may also terminate the merger agreement if certain triggering events identified in the merger agreement occur; these triggering events generally relate to the obligations of Cholestech's board of directors to maintain its recommendation of the approval of the principal terms of the merger and the obligations of Cholestech regarding the solicitation or acceptance of competing proposals.

Under circumstances specified in the merger agreement, Cholestech may terminate the merger agreement to enter into a definitive agreement for a superior proposal, but only if it has complied with its obligations regarding the solicitation of competing proposals and has paid Inverness the termination fee described below.

Cholestech has agreed to pay Inverness \$9 million as a termination fee if:

the merger agreement is terminated following the occurrence of any of the triggering events identified in the merger agreement;

either party terminates the merger agreement because the merger is not consummated by December 3, 2007, or because the Cholestech stockholders do not approve the principal terms of the merger, in either case if, prior to the termination of the merger agreement, an acquisition proposal is publicly announced and, within twelve months following the termination, Cholestech enters into a definitive agreement providing for the acquisition of Cholestech; or

Cholestech terminates the merger agreement upon a change of recommendation by its board of directors in connection with a superior offer.

Either party may also terminate the merger agreement if the other party breaches any of its covenants, agreements, representations or warranties set forth in the merger agreement such that the conditions to the terminating party's obligation to effect the merger would not be satisfied at the time of termination and the breach is not cured, or curable, within 30 days after the terminating party delivers written notice of the breach to the other party.

Material United States Federal Income Tax Consequences of the Merger

(see page 86)

Inverness and Cholestech expect that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code, and it is a condition to closing that each of Inverness and Cholestech receive an opinion from legal counsel to the effect that the

merger will so qualify. If the merger qualifies as a reorganization, Cholestech stockholders generally will not recognize any gain or loss upon the receipt of Inverness common stock in exchange for Cholestech common stock

in connection with the merger, except for cash received in lieu of a fractional share of Inverness common stock.

Cholestech stockholders are urged to read the discussion in the section entitled "The Merger Material United States Federal Income Tax Consequences of the Merger" beginning on page 86 of this proxy statement/prospectus and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effect of state, local and foreign tax laws.

Accounting Treatment

(see page 89)

In accordance with accounting principles generally accepted in the United States, or GAAP, Inverness will account for the merger using the purchase method of accounting for business combinations.

Comparison of Rights of Inverness Stockholders and Cholestech Stockholders

(see page 127)

Cholestech stockholders, whose rights are currently governed by Cholestech's articles of incorporation, its bylaws, and California law, will, upon completion of the merger, become Inverness stockholders, and their rights will be governed by Inverness' certificate of incorporation, its bylaws, and Delaware law.

SUMMARY SELECTED HISTORICAL FINANCIAL DATA OF INVERNESS

The following selected financial data of Inverness as of and for each of the five fiscal years in the period ended December 31, 2006 have been derived from Inverness' audited historical financial statements. The following selected financial data of Inverness as of and for the three months ended March 31, 2007 and 2006 have been derived from Inverness' unaudited historical financial statements. The data below is only a summary and should be read in conjunction with Inverness' financial statements and accompanying notes, as well as management's discussion and analysis of financial condition and results of operations, all of which can be found in publicly available documents, including those incorporated by reference into this proxy statement/prospectus. For a complete list of the documents incorporated by reference into this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 145 of this proxy statement/prospectus.

	Year Ended December 31,					Three Months Ended March 31,	
	2002(1)	2003	2004	2005	2006	2006	2007
(unaudited) (in thousands, except per share data)							
Statement of Operations Data:							
Net product sales	\$ 200,399	\$ 285,430	\$ 365,432	\$ 406,457	\$ 552,130	\$ 122,753	\$ 153,749
License and royalty revenue	6,405	9,728	8,559	15,393	17,324	5,068	5,230
Net revenue	206,804	295,158	373,991	421,850	569,454	127,821	158,979
Cost of sales	114,653	167,641	226,987	269,538	340,231	75,567	80,641
Gross profit	92,151	127,517	147,004	152,312	229,223	52,254	78,338
Operating expenses:							
Research and development	14,508	24,367	31,954	30,992	53,666	10,610	12,009
Sales and marketing	39,570	52,504	57,957	72,103	94,445	20,822	28,331
General and administrative	38,628	35,812	52,707	59,990	71,243	15,838	22,659
Loss on dispositions, net					3,498		
Charge related to asset impairment	12,682						
Operating income (loss)	(13,237)						