

BIO RAD LABORATORIES INC
Form DEF 14A
March 30, 2007

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
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BIO-RAD LABORATORIES, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Notes:

BIO-RAD LABORATORIES, INC.

1000 Alfred Nobel Drive

Hercules, California 94547

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF

BIO-RAD LABORATORIES, INC.

TO BE HELD APRIL 24, 2007

TO THE STOCKHOLDERS OF BIO-RAD LABORATORIES, INC.:

The annual meeting of the stockholders of Bio-Rad Laboratories, Inc., a Delaware corporation (Bio-Rad or the Company), will be held at the Company's corporate offices, 1000 Alfred Nobel Drive, Hercules, California 94547 on Tuesday, April 24, 2007 at 4:00 p.m., Pacific Daylight Time, to consider and vote on:

- (1) The election of two directors of the Company by the holders of outstanding Class A Common Stock and five directors of the Company by the holders of outstanding Class B Common Stock;
- (2) A proposal to ratify the selection of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending December 31, 2007;
- (3) A proposal to approve the Bio-Rad Laboratories, Inc. 2007 Incentive Award Plan; and
- (4) Such other matters as may properly come before the meeting and at any adjournments or postponements thereof.

Our Board of Directors has fixed the close of business on February 26, 2007 as the record date for the determination of stockholders entitled to notice of and to vote at this annual meeting and at any adjournments or postponements thereof. Our stock transfer books will not be closed.

All stockholders are invited to attend the annual meeting in person, but those who are unable to do so are urged to execute and return promptly the enclosed proxy in the provided postage-paid envelope. Since a majority of the outstanding shares of each class of our common stock must be present or represented at the annual meeting to elect directors and conduct the other business matters referred to above, your promptness in returning the enclosed proxy will be greatly appreciated. Your proxy is revocable and will not affect your right to vote in person in the event you attend the meeting and revoke your proxy.

All stockholders who attend the annual meeting are invited to join us for a reception immediately following the meeting.

This proxy statement and the accompanying proxy card are first being distributed to stockholders on or about March 30, 2007.

By order of the Board of Directors

BIO-RAD LABORATORIES, INC.

SANFORD S. WADLER, Secretary

Hercules, California

March 30, 2007

BIO-RAD LABORATORIES, INC.

1000 Alfred Nobel Drive

Hercules, California 94547

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 24, 2007

Information Regarding Proxies

Our Board of Directors is soliciting the enclosed proxy in connection with our annual meeting of stockholders to be held at our corporate offices, 1000 Alfred Nobel Drive, Hercules, California 94547 on Tuesday, April 24, 2007 at 4:00 p.m., Pacific Daylight Time, and at any adjournments or postponements thereof. Copies of this proxy statement and the accompanying notice and proxy card are first being mailed on or about March 30, 2007 to all stockholders entitled to vote.

We will pay the cost of this proxy solicitation. In addition to solicitation by use of the mails, proxies may be solicited from our stockholders by our directors, officers and employees in person or by telephone, telegram or other means of communication. These directors, officers and employees will not be additionally compensated, but may be reimbursed for reasonable out-of-pocket expenses in connection with such solicitation. Arrangements will be made with brokerage houses, custodians, nominees and fiduciaries for forwarding of proxy materials to beneficial owners of shares held of record by such brokerage houses, custodians, nominees and fiduciaries and for reimbursement of their reasonable expenses incurred in connection therewith. We may retain Georgeson Shareholder Services, a proxy solicitation firm, to solicit proxies in connection with our annual meeting at an estimated cost of \$6,500.

Shares for which a properly executed proxy in the enclosed form is returned will be voted at our annual meeting in accordance with the directions on such proxy. If no voting instructions are indicated with respect to one or more of the proposals, the proxy will be voted in favor of the proposal(s), and to approve those other matters that may properly come before the annual meeting at the discretion of the person named in the proxy. Any proxy may be revoked by the record owner of the shares at any time prior to its exercise by filing with our Secretary a written revocation or duly executed proxy bearing a later date or by attending the meeting in person and announcing such revocation. Attendance at the annual meeting will not, by itself, constitute revocation of a proxy.

Voting Securities

Our securities entitled to vote at the meeting consist of shares of our Class A Common Stock and Class B Common Stock, both \$0.0001 par value (collectively, Common Stock). 21,628,714 shares of Class A Common Stock and 4,992,970 shares of Class B Common Stock were issued and outstanding at the close of business on February 26, 2007. Only stockholders of record at the close of business on February 26, 2007 will be entitled to notice of and to vote at the meeting. The presence, in person or by proxy, of the holders of a majority of our Voting Power will constitute a quorum for the transaction of business; *provided, however*, that the election of the Class A and Class B directors shall require the presence, in person or by proxy, of the holders of a majority of the outstanding shares of each respective class. Each share of Class A Common Stock is entitled to one-tenth of a vote and each share of Class B Common Stock is entitled to one vote, except in the election of directors and any other matter requiring the vote of one or both classes of Common Stock voting separately. The sum of one-tenth the number of outstanding shares of Class A Common Stock and the number of outstanding shares of Class B Common Stock constitutes our Voting Power.

The holders of Class A Common Stock, voting as a separate class, are entitled to elect two directors. The holders of Class B Common Stock, also voting as a separate class, are entitled to elect the other five directors. The stockholders do not have any right to vote cumulatively in any election of directors. Under Delaware law, directors elected by each class shall be elected by a plurality of the votes in the respective class.

On all other matters submitted to a vote at the annual meeting (except matters requiring the vote of one or both classes voting separately), the affirmative vote of the holders of a majority of our Voting Power present in person or represented by proxy is necessary for approval. The Board of Directors is not aware of any matters that might come before the meeting other than those mentioned in this proxy statement. If, however, any other matters properly come before the annual meeting, it is intended that the proxies will be voted in accordance with the judgment of the person or persons voting such proxies.

Abstentions and broker non-votes will be counted as shares that are present and entitled to vote for purposes of determining the presence of a quorum. With respect to the two directors to be elected by the holders of our Class A Common Stock, the two director nominees receiving the highest number of affirmative votes will be elected. With respect to the five directors to be elected by the holders of our Class B Common Stock, the five director nominees receiving the highest number of affirmative votes will be elected. A properly executed proxy marked to withhold authority with respect to the election of one or more director nominees will not be voted with respect to the director nominee(s) indicated, although it will be counted for purposes of determining the presence of a quorum. The proposal to ratify the appointment of our independent auditors and the proposal to approve the Bio-Rad Laboratories, Inc. 2007 Incentive Award Plan must each receive the affirmative vote of a majority of our Voting Power present in person or represented by proxy at the meeting in order for the respective proposal to be approved. Abstentions and broker non-votes will have the same effect as a vote against these proposals.

There is no statutory or contractual right of appraisal or similar remedy available to those stockholders who dissent from any matter to be acted upon.

PRINCIPAL AND MANAGEMENT STOCKHOLDERS

The following table presents certain information as of February 26, 2007 (except as noted below), with respect to our Class A Common Stock and Class B Common Stock beneficially owned by: (i) any person who is known to us to be the beneficial owner of more than five percent of the outstanding Common Stock of either class, (ii) each of our directors, (iii) certain of our executive officers named in the Summary Compensation Table of this proxy statement and (iv) all of our directors and executive officers as a group. The address for all executive officers and directors is c/o Bio-Rad Laboratories, Inc., 1000 Alfred Nobel Drive, Hercules, California, 94547.

Name and, with Respect to Owner of 5% or More, Address	Class A Common Stock(1)		Class B Common Stock	
	Number of Shares and Nature of Ownership(2)	Percent of Class	Number of Shares and Nature of Ownership(2)	Percent of Class
Blue Raven Partners, L.P.(3) 1000 Alfred Nobel Drive Hercules, CA 94547		0.0%	4,060,054	81.3%
Ariel Capital Management, LLC(4) 200 E. Randolph Drive, Suite 2900 Chicago, IL 60601	2,067,700	9.6%		0.0%
Private Capital Management, Inc.(5) 8889 Pelican Bay Boulevard Suite 500 Naples, FL 34108	1,448,282	6.7%		0.0%
David & Alice N. Schwartz(6)(7)(10)(12) Bio-Rad Laboratories, Inc. 1000 Alfred Nobel Drive Hercules, CA 94547	3,208,083	14.8%	4,637,640	88.0%
Norman Schwartz(6)(8)(9)(10)(13) Bio-Rad Laboratories, Inc. 1000 Alfred Nobel Drive Hercules, CA 94547	211,454	1.0%	4,262,375	82.9%
Steven Schwartz(6)(8)(11)(13) Bio-Rad Laboratories, Inc. 1000 Alfred Nobel Drive Hercules, CA 94547	164,769	0.8%	4,072,914	81.6%
James J. Bennett John Goetz(10) Albert J. Hillman Ruediger Naumann-Etienne	36,566 67,502 8,908 3,000	0.2% 0.3% 0.0% 0.0%	47,454 8,234	1.0% 0.0% 0.2% 0.0%

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Louis Drapeau		0.0%		0.0%
Sanford S. Wadler(10)	17,738	0.1%		0.0%
Christine A. Tsingos(10)	11,003	0.1%		0.0%
All directors and executive officers as a group(10)(13 persons)	3,620,231	16.6%	4,895,649	90.4%

- (1) Excludes Class A Common Stock that may be acquired on conversion of Class B Common Stock. Class B Common Stock may be converted to Class A Common Stock on a one for one basis and, if fully converted, would result in the following percentage beneficial ownership of Class A Common Stock: Blue Raven Partners. L.P. 15.3%; Ariel Capital Management, LLC 7.8%; Private Capital Management, Inc. 5.4%; David and Alice N. Schwartz 29.2%; Norman Schwartz 16.7%; Steven Schwartz 15.9%; James J. Bennett 0.3%;

- John Goetz 0.3%; Albert J. Hillman 0.1%; Ruediger Naumann-Etienne 0.0%; Louis Drapeau 0.0%; Sanford S. Wadler 0.1%; Christine A. Tsingos 0.0%; and all directors and executive officers as a group 31.3%. Management considers any substantial conversions by the executive officers or directors listed in the table to be highly unlikely.
- (2) Except as otherwise indicated and subject to applicable community property and similar statutes, the persons listed as beneficial owners of the shares have sole voting and investment power with respect to such shares. Number of shares is based on the statements of the stockholders where not identified specifically in the stockholder register.
 - (3) David Schwartz, Alice N. Schwartz, Norman Schwartz and Steven Schwartz are general partners of Blue Raven Partners, L.P., a California limited partnership (the Partnership), and, as such, share voting and dispositive power over the Class B Common Stock held by the Partnership.
 - (4) Based solely on an amended Schedule 13G filed on February 13, 2007 with the Securities and Exchange Commission pursuant to Rule 13d-1(b) of the Exchange Act.
 - (5) Based solely on an amended Schedule 13G filed on February 14, 2007 with the Securities and Exchange Commission pursuant to Rule 13d-1(b) of the Exchange Act.
 - (6) Includes 4,060,054 shares of Class B Common Stock held by the Partnership.
 - (7) David and Alice N. Schwartz each have a one-half community property interest in these shares. Also includes 34,311 shares of Class A Common Stock held by the David and Alice N. Schwartz Charitable Remainder Unitrust of which David and Alice N. Schwartz are the sole trustees. Also includes 41,176 shares of Class B Common Stock held by DANSA Partners Limited, a California limited partnership, of which David and Alice N. Schwartz are general partners.
 - (8) Norman Schwartz and Steven Schwartz are sons of David and Alice N. Schwartz.
 - (9) Includes 10,610 shares of Class B Common Stock owned by Norman Schwartz's wife, as to which Norman Schwartz disclaims any beneficial ownership.
 - (10) Includes shares with respect to which such persons have the right to acquire beneficial ownership immediately or within sixty days of February 26, 2007, under the Company's employee stock purchase plan and stock option agreements, as follows: David Schwartz, 274,634 Class B shares; Norman Schwartz, 147,023 Class B shares; John Goetz, 53,741 Class A shares; Sanford S. Wadler, 7,957 Class A shares; Christine A. Tsingos, 10,308 Class A shares, and all directors and officers as a group, 124,829 Class A shares and 421,657 Class B shares.
 - (11) Includes 2,421 shares of Class A Common Stock and 10,610 shares of Class B Common Stock owned by Steven Schwartz's wife, as to which Steven Schwartz disclaims any beneficial ownership.
 - (12) Includes the following total amount of shares pledged as security: 827,451 shares of Class A Common Stock and 41,176 shares of Class B Common Stock.
 - (13) Includes 37,825 shares of Class A Common Stock pledged as security.

I. ELECTION OF DIRECTORS

Our Board of Directors currently has seven members. The seven persons nominated are listed in the following table as the candidates nominated for the respective classes of Common Stock indicated. All are currently our directors with terms expiring as of the date of the annual meeting of stockholders or on election and qualification of their successors. David Schwartz and Alice N. Schwartz are husband and wife; Norman Schwartz is their son. No other family relationships exist among our current and nominated directors or executive officers. As husband and wife, David and Alice N. Schwartz share equally in all remuneration and other benefits accorded to either of them by us.

The directors elected at this meeting will serve until the next annual meeting of stockholders or until their respective successors are elected and qualified. The persons named in the proxy intend to vote the shares subject to such proxy for the election as directors of the persons listed in the following table. Although it is not contemplated that any nominee will decline or be unable to serve as a director, in the event that at the meeting or any adjournments or postponements thereof any nominee declines or is unable to serve, the persons named in the enclosed proxy will, in their discretion, vote the shares subject to such proxy for another person selected by them for director.

Name	Class of		Age	Present Principal Employment and Prior Business Experience	Director Since
	Common Stock to Elect				
James J. Bennett	Class B		78	Retired in 2002 as our Chief Operating Officer, in which capacity he served since 1993, and our Executive Vice President, in which capacity he served since 1996; our Vice President and Group Manager, Clinical Diagnostics from 1985 to 1993; our Vice President and Chief Operating Officer from 1977 to 1985.	1977
Louis Drapeau	Class A		63	Senior Vice President and Chief Financial Officer of Nektar Therapeutics since 2006; Senior Vice President and Chief Financial Officer of BioMarin Pharmaceutical from 2002 to 2005, Acting Chief Executive Officer from 2004 to 2005; Arthur Andersen from 1971 to 2002, Partner in the firm from 1983 to 2002 and Managing Partner from 1985 to 1997.	2007
Albert J. Hillman	Class A		75	Retired from active practice in 1996; Of Counsel to the law firm of Townsend and Townsend and Crew from 1995 through 2005 and partner in the firm from 1965 to 1995, which firm serves as our patent counsel.	1980
Ruediger Naumann-Etienne	Class B		60	Owner and Managing Director of Intertec Group since 1989; Chairman of Cardiac Science since 2006; Chairman of Quinton Cardiology Systems from 2000 to 2005 and Chief Executive Officer of Quinton Cardiology Systems from 2000 to 2003; Director of Varian Medical Systems since 2003.	2001

Name	Class of		Age	Present Principal Employment and Prior Business Experience	Director Since
	Common Stock to Elect				
Alice N. Schwartz	Class B		80	Retired since 1979; Research Associate, University of California, from 1972 to 1978.	1967
David Schwartz	Class B		83	Chairman of the Board since 1957. Previously our President and Chief Executive Officer from 1957 through 2002.	1957
Norman Schwartz	Class B		57	Our President and Chief Executive Officer since January 1, 2003; our Vice President from 1989 to 2002; our Group Manager, Life Science, from 1997 to 2002; and our Group Manager, Clinical Diagnostics, from 1993 to 1997.	1995

In January 1997, we entered into a non-competition and employment continuation agreement with James J. Bennett pursuant to which our management agreed to nominate him as director for a period of three years following his resignation from his position as Executive Vice President and Chief Operating Officer, which resignation became effective on January 1, 2003.

In addition to David Schwartz and Norman Schwartz, the following persons were our executive officers during all or part of 2006: Bradford J. Crutchfield, John Goetz, Giovanni Magni, Ronald W. Hutton, Christine A. Tsingos and Sanford S. Wadler. Bradford J. Crutchfield (age 44) was appointed Vice President and Group Manager of the Life Science Group in 2003. Previously, he held various positions within Bio-Rad since joining us in 1985, including Managing Director, Bio-Rad Microscience, and Manager of our BioMaterials Division. John Goetz (age 57) was appointed Vice President and Group Manager of the Clinical Diagnostics Group in 2000. Previously, he held various positions within Bio-Rad since joining us in 1974 including Plant Engineer, Manufacturing Manager, Division Manager, Quality Systems Division and Operations Manager of the Diagnostics Group. Giovanni Magni (age 50) was appointed Vice President and International Sales Manager in 2004. Previously, he held various positions within Bio-Rad since joining us in 1995, including Diagnostic Division Manager, Southern Europe and Diagnostics Group Operation Manager, France. Ronald W. Hutton (age 49) has been our Treasurer since 1997. Previously, he was Director of Treasury at Kaiser Aluminum & Chemical Corporation from 1993 to 1997. Christine A. Tsingos (age 48) was appointed our Chief Financial Officer in 2002 and Vice President in 2003. Previously, she was the Chief Operating Officer and Chief Financial Officer at Attest Systems, Inc., a provider of information technology asset discovery and management tools, from August 2002 to November 2002. Prior to that, Ms. Tsingos was a consultant to Attest Systems, Inc. from October 2000 to July 2002. She was the Chief Financial Officer at Tavolo, Inc., an online retailer of gourmet cookware and food, from November 1999 to September 2000, and she was Treasurer, and later Vice President and Treasurer, of Autodesk, Inc., a developer of design software, from May 1990 to November 1999. Sanford S. Wadler (age 60) has been our General Counsel and Secretary since 1989 and was appointed Vice President in 1996. Our executive officers also serve in various management capacities with our wholly owned subsidiaries.

The Board of Directors recommends that you vote FOR the above-named director nominees for the class or classes of Common Stock that you hold.

COMMITTEES OF THE BOARD OF DIRECTORS

Our Board of Directors has an Audit Committee and a Compensation Committee. Our Board of Directors has no nominating committee or other committees performing similar functions. During 2006, our Board of Directors held a total of 13 meetings (including regularly scheduled and special meetings) and no director attended fewer than 75% of such meetings or meetings of any committee on which such director served.

Audit Committee

During 2006 our Audit Committee was composed of Philip L. Padou, Albert J. Hillman and Ruediger Naumann-Etienne. Philip L. Padou passed away at the end of 2006 and Louis Drapeau replaced Mr. Padou on the Audit Committee in 2007.

All three Audit Committee members are independent directors, as determined in accordance with the independence standards set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and Section 121A of the American Stock Exchange Company Guide, and each is able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. Louis Drapeau and Ruediger Naumann-Etienne are designated as financial experts. The purpose of our Audit Committee is to oversee our accounting and financial reporting processes and the audits of our financial statements. Our Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of any independent auditor we engage, including resolution of any disagreements between our management and the independent auditor regarding financial reporting, and is responsible for reviewing and evaluating our accounting policies and system of internal accounting controls. In addition, our Audit Committee reviews the scope of our independent auditor's audit of our financial statements, reviews and discusses our audited financial statements with management, prepares the annual Audit Committee reports that are included in our proxy statements and annually reviews the Audit Committee's performance and the Audit Committee Charter, among other responsibilities. Our Audit Committee has the authority to obtain advice and assistance from, and receive appropriate funding from us for, any independent counsel, experts or advisors that the Audit Committee believes to be necessary or appropriate in order to enable it to carry out its duties. Our Audit Committee met 4 times in the year 2006. A more complete discussion is provided in the Report of the Audit Committee of the Board of Directors of this proxy statement.

Compensation Committee

Our Compensation Committee, consisting of two directors, Albert J. Hillman and Philip L. Padou, met 3 times in 2006. Ruediger Naumann-Etienne replaced Philip L. Padou on the Compensation Committee in 2007. Our Compensation Committee reviews and approves our executive compensation policies. Our Compensation Committee does not have a charter. A more complete discussion is provided in the Compensation Discussion and Analysis section of this proxy statement.

Nominating Committee Functions

Our Board of Directors does not have a standing nominating committee or a committee performing similar functions. Our Board of Directors believes that it is appropriate for us not to have a standing nominating committee because we are controlled by the Schwartz family. Each member of our Board of Directors participates in the consideration of director nominees. Albert J. Hillman, Ruediger Naumann-Etienne and Louis Drapeau are all independent directors, as determined in accordance with the independence standards set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, and Section 121A of the American Stock Exchange Company Guide; James J. Bennett, David Schwartz, Alice N. Schwartz and Norman Schwartz are not. However, because we are controlled by the Schwartz family, we are a controlled company for purposes of the American Stock Exchange listing standards, and thus we are not required to have a standing nominating committee comprised solely of independent directors.

Our Board of Directors has not adopted a charter governing the director nomination process. However, it is the policy of our Board of Directors to consider stockholder nominations for candidates for membership on our Board of Directors that are properly submitted as set forth below under the caption *Communications with the Board of Directors*. The stockholder must submit a detailed resume of the candidate together with a written explanation of the reasons why the stockholder believes that the candidate is qualified to serve on our Board of Directors. In addition, the stockholder must include the written consent of the candidate, provide any additional information about the candidate that is required to be included in a proxy statement pursuant to the rules and regulations of the Securities and Exchange Commission, and must also describe any arrangements or undertakings between the stockholder and the candidate regarding the nomination. In order to be considered for inclusion in next year's proxy statement, any such nominations must be properly submitted by December 3, 2007.

The director qualifications our Board of Directors has developed to date focus on what our Board of Directors believes to be those competencies that are essential for effective service on our Board of Directors. Qualifications for Directors include technical, operational and/or economic knowledge of our business and industries; experience in operational, financial and/or administrative management; financial and risk management acumen and experience in or familiarity with international business, markets and cultures, technological trends and developments, and corporate securities and tax laws. While a candidate may not possess every one of these qualifications, his or her background should reflect many of these qualifications. In addition, a candidate should possess integrity and commitment according to the highest ethical standards; be consistently available and committed to attending meetings; be able to challenge and share ideas in a positive and constructively critical manner and be responsive to our needs and fit in with other Board members from a business culture perspective.

Our Board of Directors identifies director nominees by first evaluating the current members of our Board of Directors who are willing to continue in service. Current members with qualifications and skills that are consistent with our Board of Directors' criteria for Board service are re-nominated. As to new candidates, our Board of Directors generally polls its members and members of our management for their recommendations. Our Board of Directors may also review the composition and qualification of the boards of our competitors, and may seek input from industry experts or analysts. Our Board of Directors reviews the qualifications, experience and background of the candidates. In making its determinations, our Board of Directors evaluates each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate our success and represent stockholder interests through the exercise of sound judgment. Any recommendations properly submitted by stockholders will be processed and are subject to the same criteria as any other candidates.

Each of the nominees included on the attached proxy card was recommended for inclusion by all of the other members of our Board of Directors.

Communications with the Board of Directors

Individuals can communicate with our Board of Directors by mailing a written communication to:

Bio-Rad Laboratories, Inc.

1000 Alfred Nobel Drive

Hercules, California 94547

Attention: Corporate Secretary

The Corporate Secretary will promptly forward all such communications to the Chairman of the Board.

Board of Directors Policy Regarding Board Members Attendance at Annual Meetings

Every member of our Board of Directors is expected to attend our annual meeting of stockholders in person, absent extraordinary circumstances such as a personal emergency. All of the directors attended last year's annual meeting of stockholders in person except Ruediger Naumann-Etienne.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Our Compensation Committee was composed of Albert J. Hillman and Philip L. Padou in 2006. Ruediger Naumann-Etienne replaced Philip L. Padou on the Compensation Committee in 2007. In 2006 we did not have any interlocking relationships with another entity involving any of our Compensation Committee members. James J. Bennett, David Schwartz, Norman Schwartz, Alice N. Schwartz and Ruediger Naumann-Etienne participated in general Board of Directors discussions of compensation, bonuses and stock options. David, Norman and Alice N. Schwartz recused themselves from and did not participate in the discussions or decisions concerning our President/Chief Executive Officer's and Chairman of the Board's compensation.

TRANSACTIONS WITH RELATED PERSONS

We maintain various policies and procedures relating to the review, approval, or ratification of transactions in which we are a participant and in which any of our directors, executive officers, 10% stockholders or their family members have a direct or indirect material interest. Our Management Guidelines provide that any transaction proposed, initiated or approved by our employees that poses an actual or potential conflict of interest requires the prior written approval of our Chief Executive Officer. In addition, our Board or certain executive officers, depending on the dollar value of the transaction, review and approve all material transactions through the expenditure approval procedures set forth in the Management Guidelines. Our Code of Business Ethics and Conduct, which applies to all of our directors, officers, employees, and in some cases, their family members, prohibits arrangements, agreements and acts which are, or may give the impression of being, conflicts of interest with us. In addition, each year we require our directors and executive officers to complete a questionnaire which, among other things, identifies transactions or potential transactions with us in which a director or an executive officer or one of their family members or associate entities has an interest.

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Program Objectives and Philosophy

Our named executive officers are: Norman Schwartz, President and Chief Executive Officer; Christine Tsingos, Chief Financial Officer; David Schwartz, Chairman of the Board; John Goetz, Vice President and Group Manager of the Clinical Diagnostics Group; and Sanford S. Wadler, Vice President, General Counsel and Secretary. We maintain various compensation programs for our named executive officers. Our executive compensation program, taken as a whole, has several objectives. The overriding objective of our executive compensation program is to attract, retain, motivate and develop the types of people which we need to move our business forward. We also want our executive compensation program to align the interests of the executives with the interests of the Company. Finally, we want to reward our executives for business achievements and satisfaction of corporate objectives.

In developing our overall executive compensation program and in setting individual pay levels for the named executive officers, we strive to meet the following goals:

To pay salaries that are competitive in our industry and our geographical market.

To use executive pay practices that are commonly found in our industry, as appropriate.

To pay salaries and award merit increases on the basis of the individual executive's performance and contributions and the value of the executive's position within our organization.

To maintain a pay for performance outlook, particularly in our incentive programs.

Our executive compensation program rewards executives for Company and individual performance. Because we feel that each of our named executive officers provides unique services to us, we do not use a fixed relationship between base pay, an Incentive Bonus Plan, or IBP, and equity awards. When we make our final decisions about a named executive officer's total compensation package for a year, we look at the three elements of compensation (base pay, IBP potential and equity award) individually and as a complete package. We do not take into account amounts that a named executive officer may have realized in a year as a result of IBP payments or stock option exercises when we establish pay levels and goals for the current year. Overall, we believe that our total compensation program for executives is reasonable while being competitive with market peers.

Although our Compensation Committee takes into consideration the financial accounting and federal income tax consequences of the amounts and types of compensation that we provide to the named executive officers, it continues to be our policy that we will not limit executive compensation to the deductible limits of Internal Revenue Code Section 162(m).

The Components of Our Executive Compensation Program

To achieve the above goals, we have created an executive compensation program which consists of base pay, the IBP, and a stock option program. We use this mix of programs for a variety of reasons:

These types of programs, as a package, are typically offered by the types of companies from which we would seek executive talent.

These programs, as a package, provide both a current and a long term incentive for the executive officers, thereby aligning the executives' interests with those of the Company.

These programs, as a package, provide the executives with short and long term rewards.

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We apply differing goals to the various types of rewards to motivate the executives to accomplish corporate and individual goals. We also provide executives with a package of fringe benefits on the same basis that is provided to all full-time benefits eligible employees. These benefits include such items as health insurance, tax qualified profit

sharing plan contributions and group term life insurance. We do not provide the executives with any benefits that are not generally available to other full-time professional employees.

We believe that our executive compensation program, taken as a whole, is a cost-effective method of providing competitive pay to our named executive officers.

Our Process for Setting Executive Compensation

Our Human Resources Department provides various types of compensation information to the President/Chief Executive Officer and to the Compensation Committee for their evaluation and eventual determination of each executive's total compensation package. The Compensation Committee's focus is the compensation of the Chairman of the Board and the President/Chief Executive Officer. The President/Chief Executive Officer determines the compensation for the officers who directly report to him, including three of the named executive officers. Our process for setting executive compensation is described below.

Base Pay

For base pay, our Human Resources Department reviews independent surveys for executive compensation levels at comparably sized companies in industry sectors in which we compete, and provides information comparing the salary guideline ranges that we have for each position. This information is reviewed with the President/Chief Executive Officer, and for the Chairman and President/Chief Executive Officer to the Compensation Committee, who then decide if our guideline ranges need to be adjusted due to market movement. Other factors considered in determining base pay are:

The financial position of the Company;

General economic conditions;

The executive's satisfaction of individual performance goals established for the year; and

Where the executive's current base pay falls within the pay range.

Based on all of the factors outlined above, as well as the market data, the Compensation Committee, in the case of the President/Chief Executive Officer and the Chairman, and the President/Chief Executive Officer, for the other named executive officers, determine the named executive officer's base pay for the following year, and thus any of these criteria could materially impact the named executive officer's base pay. We have the ability to modify performance goals after the beginning of a year, particularly in response to an unforeseen change in business conditions that makes an established goal irrelevant or inappropriate.

Incentive Bonus Plan (Cash Based Incentive Program)

All of our named executive officers participate in our company-wide annual cash bonus program, which is known as the IBP. The plan, which covers the named executive officers as well as other employees, operates on a calendar year basis. Prior to the beginning of the year, metrics in three areas of corporate achievement are created and approved by executive management: sales; direct contributions from operations; and strategic business goals. The IBP makes a payout only if threshold levels in sales and/or direct contributions are satisfied. If the sales and/or direct contributions goal is met, the named executive officers as well as other IBP participants receive a payment indexed to a percentage of their base pay based on the achievement relative to each of the established metrics. The percentage of base pay which can be awarded varies based upon job position/salary grade. The payments under this program can be as much as twice the target bonus, but the named executive officers (as well as the other people who participate in the IBP) will not receive this benefit unless we meet required performance goals. Payments are typically made during the first quarter of the following year. We have no policy regarding the adjustment or recovery of IBP awards in the event that an accounting restatement results in corporate goals not being satisfied. We establish the target bonus levels, in part, by reviewing competitive market data of companies in our peer group.

In order to determine the companies to include in our peer group, we look for companies that are comparable to ours in at least two of a number of ways including:

Companies in our industry

Companies whose size is similar to ours as measured by sales, market capitalization or asset base

Companies who are in our geographic proximity

Companies with whom we compete for employee talent

Manufacturing companies

U.S. based public companies

The companies we currently consider comprising our peer group are Affymetrix, Applera, Beckman Coulter, Becton Dickinson, Ciphergen Biosystems, Dade Behring, Genentech, Invitrogen, Meridien BioScience, Millipore, Perkin-Elmer, Qiagen, and Sigma Aldrich.

Our company has, on rare occasion, made discretionary bonus payments to employees, but no such payments were made to any of the named executive officers in the last five years.

Equity Compensation

Another key component of our executive compensation program is equity grants. We make grants of options to purchase our stock to the named executive officers, as well as other employees, under our 2003 Stock Option Plan. We generally grant Incentive Stock Options, or ISOs, to our named executive officers. If the value of the grant to a named executive officer exceeds the ISO limits, the remainder of the shares are granted as non-qualified stock options. We grant options to purchase Class A Common Stock to all named executive officers, except for David Schwartz and Norman Schwartz as they are currently receiving options to acquire Class B Common Stock. All option shares are priced at fair market value on the date of grant; however, the Internal Revenue Code of 1986, as amended, or IRC, requires that ISOs granted to David Schwartz and Norman Schwartz are priced at 110% of fair market value on the date of grant because of their ownership positions in the Company.

Options granted to named executive officers after 2001 vest on a five year basis, at a rate of 20% of the option grant on each anniversary date of the grant. All of the options have a ten year term, except for grants of ISOs to Norman Schwartz and David Schwartz which are limited to a five year term under IRC Section 422(c)(6). All options granted prior to 2003 are fully vested as of the date of this report.

Our process for granting stock options to named executive officers has been as follows: we have an annual equity pool containing a number of shares which approximates 1.2% of outstanding shares as of the prior year end. Management, using outside survey information, creates stock option grant guidelines which provide a range of potential option grants based on job position/salary grade. Using these option grant guidelines and considering individual performance, management suggests an allocation of the equity pool among all eligible employees to the Compensation Committee of our Board of Directors. The Compensation Committee reviews the suggested allocation of awards and makes a recommendation to the entire Board of Directors. Based on the Compensation Committee's recommendation, the Board of Directors makes its own determination and an allocation of the pool. The full Board of Directors' determination of the equity grants is entered into the minutes of its meeting. At that time, the Board selects a specific grant date for the equity and defines the grant date; the exercise price is the closing market price of our stock on that specific grant date. The Board provides the approved equity grant and pricing information to the President/Chief Executive Officer for implementation. The Board of Directors met and approved the 2006 equity grants on March 31, 2006. The grant date was set at that meeting to be April 3, 2006, the next business day. The President/Chief Executive Officer informed the named executive officers of their grants in a letter dated April 3, 2006.

We believe that the grant of fair market value stock options continues to provide benefits to the Company and the executive. We benefit because:

The options align the executive's financial interest with the Company's interest.

The options help us retain the executives.
The executives benefit because:

They can realize additional income if our shares increase in value.

They have no personal income tax impact until they exercise the options.
We do not maintain any equity ownership guidelines for our named executive officers. We have no corporate policy regarding an executive's hedging of their Company shares.

Other Compensation

We have extensively reviewed the types of services, reimbursements and benefits that we provide to our named executive officers for potential inclusion in the All Other Compensation column of our Summary Compensation Table. As a result of this review, the only items that we believe qualify for this category are disclosed in the table. We have no employment agreements with our named executive officers, and therefore, there are no individual written agreements that would provide them with additional perquisites. There are no formal or informal corporate policies that provide benefits (that are not integrally and directly related to the performance of the executive's duties) to our named executive officers which are not available to the employee population.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by our named executive officers as a result of company operations for the fiscal year ended December 31, 2006.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$) ¹	Non-Equity Incentive Plan Compensation (\$) ²	Change in Pension	All Other Compensation (\$) ³	Total (\$)
							Value and Nonqualified Deferred Compensation Earnings (\$)		
Norman Schwartz President and Chief Executive Officer	2006	526,065			1,241,932	266,938		11,774	2,046,709
Christine A. Tsingos Chief Financial Officer	2006	323,116			91,260	146,180		11,000	571,556
David Schwartz Chairman of the Board	2006	515,760			201,119	261,709		16,325	994,913
John Goetz Vice President	2006	399,527			127,901	183,003		12,898	723,329

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Sanford S. Wadler	2006	355,065	98,387	160,638	12,336	626,426
General Counsel and Secretary						

¹ Option Awards represent compensation cost recognized in our 2006 financial statements as determined under SFAS 123(R) before estimated forfeitures. These amounts represent expense recognized with respect to awards granted in prior years as well as the current year. There were no actual forfeitures by any named executive officers in 2006. Assumptions used in the calculation of these amounts are included in Note 10 to the Company's audited financial statements for the fiscal year ended December 31, 2006 included in the Company's Annual Report on Form 10-K filed with the Securities Exchange Commission on March 1, 2007.

² Non-equity Incentive Plan Compensation reflects payments from our IBP made during 2007 which relate to 2006 operations. Further information about the IBP can be found in the text in the section titled Our Process for Setting Executive Compensation.

³ All Other Compensation represents contributions to each of our named executive officers of \$11,000 to our tax qualified profit sharing plan and term life insurance costs paid on behalf of certain named executive officers.

GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information about equity and non-equity awards granted to named executive officers in 2006. The named executive officers participate in both a cash based incentive program and an equity program.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#) ²	Exercise or Base Price of Option Awards (\$/Sh) ³	Grant Date Fair Value of Stock and Option Awards (\$) ⁴
		Threshold (\$) ¹	Target (\$) ¹	Maximum (\$) ¹	Threshold (#)	Target (#)	Maximum (#)				
Norman Schwartz		31,525	283,725	567,450							
	4/3/2006								1,587 ⁵	69.30	34,033
Christine A. Tsingos	4/3/2006	16,792	134,333	268,667					76,913 ⁶	63.00	2,757,454
	4/3/2006								1,680 ⁵	62.47	46,513
David Schwartz	4/3/2006	25,735	231,616	463,232					3,320 ⁶	62.47	91,919
	4/3/2006								1,587 ⁵	69.30	34,033
John Goetz	4/3/2006	20,822	166,573	333,147					8,413 ⁶	63.00	301,620
	4/3/2006								1,712 ⁵	62.47	47,399
Sanford S. Wadler	4/3/2006	18,342	146,733	293,467					5,288 ⁶	62.47	146,405
	4/3/2006								1,680 ⁵	62.47	46,513
	4/3/2006								3,320 ⁶	62.47	91,919

¹ A detailed description of our Cash Based Incentive Program or IBP is discussed above in the section titled Our Process for Setting Executive Compensation.

² Our option awards consist of grants of ISOs and non-qualified options. Option awards vest on a five year basis at a rate of 20% of the option grant on each anniversary date of the option grant. A detailed description of our process for granting option awards is discussed in the section titled Our Process for Setting Executive Compensation.

³ The exercise price of Class A and Class B option awards is the closing price of the Company's stock on the grant date with the exception of ISOs granted to Norman Schwartz and David Schwartz, which are priced at 110% of the closing price as required under the Internal Revenue Code due to their ownership interest in the Company.

⁴ The Grant Date Fair Value of Stock Option Awards was calculated using the Black-Scholes option pricing model in accordance with SFAS 123(R). Assumptions used in the calculation of these amounts are included in Note 10 to the Company's audited financial statements for the fiscal year ended December 31, 2006 included in the Company's Annual Report on Form 10-K filed with the Securities Exchange Commission on March 1, 2007.

⁵ Incentive Stock Options.

⁶ Non-qualified Stock Options.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table provides information on the holdings of equity awards by the named executive officers as of December 31, 2006.

Name	Option Awards					Stock Awards				
	Option Grant Date	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Norman Schwartz	9/19/2000	5,490			11.94	9/19/2010				
	2/6/2002	5,693	2,235		31.77	2/6/2007				
	2/6/2002	1,658	414		28.88	2/6/2012				
	2/5/2003	1,773	1,182		39.60	2/5/2008				
	2/5/2003	38,898	25,930		36.00	2/5/2013				
	2/4/2004	132	3,605		58.85	2/4/2009				
	2/4/2004	25,584	34,969		53.50	2/4/2014				
	2/9/2005		1,739		62.04	2/9/2010				
	2/9/2005	15,480	60,181		56.40	2/9/2015				
	4/3/2006		1,587		69.30	4/3/2011				
	4/3/2006		76,913		63.00	4/3/2016				
Christine A. Tsingos	2/5/2003	2,500	4,000		35.50	2/5/2013				
	2/4/2004	1,872	4,128		53.75	2/4/2014				
	2/9/2005	1,000	4,000		57.49	2/9/2015				
	4/3/2006		5,000		62.47	4/3/2016				
David Schwartz	2/5/1997	64,744			15.82	2/5/2007				
	2/11/1998	63,862			11.97	2/11/2008				
	2/2/2000	66,662			11.31	2/2/2010				
	9/19/2000	72,500			11.94	9/19/2010				
	2/6/2002	6,927	3,463		31.77	2/6/2007				
	2/6/2002	45,345	9,505		28.88	2/6/2012				
	2/5/2003		2,777		39.60	2/5/2008				
	2/5/2003	4,335	2,888		36.00	2/5/2013				
	2/4/2004		1,699		58.85	2/4/2009				
	2/4/2004	3,321	4,980		53.50	2/4/2014				
	2/9/2005		1,897		62.04	2/9/2010				
	2/9/2005	2,000	6,103		56.40	2/9/2015				
	4/3/2006		1,587		69.30	4/3/2011				
	4/3/2006		8,413		63.00	4/3/2016				

Name	Option Awards					Stock Awards				
	Option Grant Date	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
John										
Goetz	2/11/1998	5,000			11.57	2/11/2008				
	2/2/2000	5,680			11.94	2/2/2010				
	9/19/2000	17,500			10.75	9/19/2010				
	2/6/2002	7,950	2,050		28.61	2/6/2012				
	2/5/2003	6,000	4,000		35.50	2/5/2013				
	2/4/2004	2,241	5,759		53.75	2/4/2014				
	2/9/2005	1,400	5,600		57.49	2/9/2015				
	4/3/2006		7,000		62.47	4/3/2016				
Sanford										
S. Wadler	9/19/2000	1,000			10.75	9/19/2010				
	2/6/2002		2,237		28.61	2/6/2012				
	2/5/2003		4,000		35.50	2/5/2013				
	2/4/2004		4,559		53.75	2/4/2014				
	2/9/2005		4,000		57.49	2/9/2015				
	4/3/2006		5,000		62.47	4/3/2016				

A detailed description of our process for granting option awards is discussed in the section titled "Our Process for Setting Executive Compensation."

¹ Options granted prior to 2002 vest over 4 years at 25% per year on the yearly anniversary date of the grant. Options granted after January 1, 2002 vest over 5 years at 20% per year on the yearly anniversary date of the grant.

² ISO grants that are split between ISOs and non-qualified stock options due to the \$100,000 limitation under IRC Section 422(d) when combined have the vesting schedules noted in footnote 1 above.

OPTION EXERCISES AND STOCK VESTED TABLE

The following table provides information on the actual value received upon exercise of stock options by the named executive officers in 2006.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
	(#)	(\$)	(#)	(\$)
Christine A. Tsingos	3,500	133,519		
Sanford S. Wadler	6,000	348,703		
	7,500	433,103		
	1,687	72,017		
	2,028	70,733		
	2,200	132,993		
	800	48,530		
	1,000	60,452		
	986	34,396		
	1,441	23,971		
	500	29,704		
	1,000	12,895		
	1,600	67,077		
	2,400	101,726		