

INVERNESS MEDICAL INNOVATIONS INC  
Form DEF 14A  
April 19, 2006  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

## 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  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

**INVERNESS MEDICAL INNOVATIONS, INC.**  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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| (1) | Title of each class of securities to which transaction applies:   |
| (2) | Aggregate number of securities to which transaction applies:  |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction:  |
| (5) | Total fee paid:   |
- Fee paid previously with preliminary materials.  
 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
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| (1) | Amount Previously Paid:                       |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party:                                 |
| (4) | Date Filed:                                   |

April 19, 2006

Dear Fellow Stockholder:

You are cordially invited to attend Inverness Medical Innovations Annual Meeting of Stockholders on Wednesday, May 24, 2006, at 12:30 p.m., local time, at our corporate headquarters located at 51 Sawyer Road, Suite 200, Waltham, MA 02453.

In addition to the matters described in the attached proxy statement, we will report on our activities for our fiscal year ended December 31, 2005. You will have an opportunity to ask questions and to meet your directors and executives.

Whether or not you plan to attend the meeting in person, it is important that your shares be represented and voted. Therefore, after reading the enclosed proxy statement, please complete, sign, date and return the enclosed proxy card promptly. You may also vote by telephone, or electronically over the Internet, by following the instructions on your proxy card.

We look forward to seeing you at the meeting. Your vote is important to us.

Cordially,

Ron Zwanziger  
Chairman, Chief Executive Officer and President

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**INVERNESS MEDICAL INNOVATIONS, INC.**  
**51 Sawyer Road, Suite 200**  
**Waltham, Massachusetts 02453**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

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**Date:** Wednesday, May 24, 2006  
**Time:** 12:30 p.m., local time  
**Place:** Inverness Medical Innovations, Inc.  
51 Sawyer Road, Suite 200  
Waltham, MA 02453

**Purpose:**

1. Elect three Class II Directors to serve until the 2009 annual meeting of stockholders; and
2. Conduct such other business as may properly come before the annual meeting and at any adjournment or postponement thereof.

Only stockholders of record on March 31, 2006 may vote at the annual meeting and at any adjournment or postponement thereof. This proxy solicitation material is being mailed to stockholders on or about April 19, 2006, and includes a copy of our 2005 Annual Report, which includes financial statements for the period ended December 31, 2005.

**Our Board of Directors unanimously recommends you vote FOR the proposal presented to you in this proxy statement.**

Your vote is important. Please cast your vote by mail, telephone or over the Internet by following the instructions on your proxy card.

Paul T. Hempel, Esq.  
*Secretary*

April 19, 2006

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**April 19, 2006**

**INVERNESS MEDICAL INNOVATIONS, INC.**

**51 Sawyer Road, Suite 200  
Waltham, Massachusetts 02453**

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**PROXY STATEMENT**

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This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Inverness Medical Innovations, Inc. for use at our 2006 Annual Meeting of Stockholders to be held on Wednesday, May 24, 2006 at 12:30 p.m., local time, at our corporate headquarters located at 51 Sawyer Road, Suite 200, Waltham, MA, and at any adjournments or postponements of the annual meeting. References in this proxy statement to us, we, our and Company refer to Inverness Medical Innovations, Inc., except where otherwise indicated, such as in the Compensation Committee Report on Executive Compensation for Fiscal Year 2005 and the 2005 Audit Committee Report.

**General Information**

**Who May Vote**

Holders of our common stock, as recorded in our stock register at the close of business on March 31, 2006, may vote at the annual meeting on matters properly presented at the meeting. As of that date, there were 32,035,148 shares of our common stock outstanding and entitled to one vote per share. A list of stockholders will be available for inspection for at least ten days prior to the meeting at the principal executive offices of the Company at 51 Sawyer Road, Suite 200, Waltham, MA 02453-3448.

**How to Vote**

You may vote in person at the meeting or by proxy. We recommend you vote by proxy even if you plan to attend the meeting. You can always change your vote at the meeting.

Most stockholders have a choice of voting by using a toll free number, by submitting their vote over the Internet or by completing a proxy card and mailing it in the postage-paid envelope provided. Please refer to your proxy card or the information forwarded by your bank, broker or other holder of record to see which options are available to you.

**How Proxies Work**

Our Board of Directors (the Board) is asking for your proxy. Giving us your proxy means you authorize us to vote your shares at the meeting, or at any adjournment or postponement thereof, in the manner you direct. With respect to the election of directors, you may vote for all, some or none of our director candidates.

If you sign and return the enclosed proxy card but do not specify how to vote, we will vote your shares in favor of our director candidates.

As of the date hereof, we do not know of any other business that will be presented at the meeting. If other business shall properly come before the meeting, including any proposal submitted by a stockholder which was omitted from this proxy statement in accordance with applicable federal securities laws, the persons named in the proxy will vote your shares according to their best judgment.

**Solicitation**

In addition to this mailing, our employees may solicit proxies personally, electronically or by telephone. We pay all of the costs of soliciting this proxy. We also reimburse brokers, banks, nominees and other fiduciaries for their expenses

in sending these materials to you and getting your voting instructions.

**Revoking a Proxy**

You may revoke your proxy before it is voted by submitting a new proxy with a later date, by voting in person at the meeting, or by notifying the Company's Secretary in writing.

**Quorum**

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In order to carry on the business of the meeting, we must have a quorum. Under our bylaws, this means at least a majority of the voting power of all outstanding shares entitled to vote must be represented at the meeting, either by proxy or in person. Proxies marked as abstaining or withheld, limited proxies and proxies containing broker non-votes with respect to any matter to be acted upon by stockholders will be treated as present at the meeting for purposes of determining a quorum, but will not be counted as votes cast on such matter. A broker non-vote is a proxy submitted by a broker or other nominee holding shares on behalf of a client in which the broker or other nominee indicates that it does not have discretionary authority to vote such shares on a particular matter.

### **Vote Required**



Proposal 1 sets forth the vote required for election of directors



**Corporate Governance**

### **The Board of Directors**

Our Board of Directors is currently comprised of nine members. The nine directors are divided into three classes as follows: three Class I Directors (John F. Levy, Jerry McAleer, Ph.D. and John A. Quelch), three Class II Directors (Carol R. Goldberg, Alfred M. Zeien and Ron Zwanziger) and three Class III Directors (Robert P. Khederian, David Scott, Ph.D. and Peter Townsend). The members of each class serve for a staggered three-year term and, at each annual meeting of stockholders, a class of directors is elected for a three-year term to succeed the directors of the same class whose terms are expiring. The current terms of the Class I Directors, Class II Directors and Class III Directors will expire at the annual meetings of stockholders held following the end of calendar years 2007, 2005 and 2006, respectively. The Board has determined that the following directors are independent under the rules of the American Stock Exchange: Ms. Goldberg, Mr. Khederian, Mr. Levy, Mr. Quelch, Mr. Townsend and Mr. Zeien.

The Board held 15 meetings during the last fiscal year. We believe that it is important for, and we encourage, the members of the Board to attend annual meetings of stockholders. Last year, 7 members of the Board attended our annual meeting of stockholders.

The Board has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each composed solely of directors who satisfy the applicable independence requirements of the American Stock Exchange's listing standards. All three committees operate pursuant to written charters which are posted on the *Corporate Governance* page on our website at [www.invmed.com](http://www.invmed.com).

### **The Audit Committee**

The Audit Committee consists of Mr. Levy, its Chairperson, Mr. Townsend and Mr. Khederian. Among other things, the Audit Committee oversees our accounting and financial reporting processes, including the selection, retention and oversight of our independent auditor and the pre-approval of all auditing and non-auditing services provided by the independent auditor. The Audit Committee's 2005 Audit Committee Report is included in this proxy statement beginning on page 20. The Board has determined that Mr. Levy is an audit committee financial expert, as defined by SEC rules adopted pursuant to the Sarbanes-Oxley Act. The Audit Committee held 12 meetings during fiscal 2005.

### **The Compensation Committee**

The Compensation Committee consists of Ms. Goldberg, its Chairperson, Mr. Zeien and Mr. Khederian. The Compensation Committee establishes our overall compensation philosophy, evaluates the performance of, and makes recommendations concerning the compensation of, our chief executive officer and our other executive officers, and monitors our incentive and equity-based compensation plans. During fiscal 2005, the Compensation Committee held 6 meetings. The Compensation Committee Report on Executive Compensation for Fiscal Year 2005 is included in this proxy statement beginning on page 15.

### **The Nominating and Corporate Governance Committee**

Our Nominating and Corporate Governance Committee currently consists of Mr. Zeien, its Chairperson, Mr. Quelch and Mr. Levy. The Nominating and Corporate Governance Committee is charged with recommending nominees for election to the Board, overseeing the selection and composition of committees to the Board, developing and recommending corporate governance principles and overseeing our continuity planning process. The Nominating and Corporate Governance Committee conducts all necessary and appropriate inquiries into the backgrounds and qualifications of possible director candidates and has the authority to retain any search firm or other advisors to assist in identifying candidates

to serve as directors. The Nominating and Corporate Governance Committee has established a policy with regard to the consideration of director candidates recommended by holders of our voting stock. The material elements of this policy are set forth and discussed below under

Stockholder Proposals beginning on page 23 and the full policy can be viewed on the *Corporate Governance* page of our website at [www.invmed.com](http://www.invmed.com). In identifying and evaluating director candidates, including candidates proposed or recommended by stockholders, the Nominating and Corporate Governance Committee takes into account all factors it considers appropriate, which may include strength of character, mature judgment, career specialization, relevant technical skills, diversity, and the extent to which the candidate would fill a present need on the Board. During fiscal 2005, the Nominating and Corporate Governance Committee held 1 meeting.

#### **Director Compensation**

Our directors currently receive no cash compensation for their services as directors, although they are reimbursed for expenses incurred in connection with their attendance at board and committee meetings. However, options and other awards may be granted to directors in the sole discretion of the administrator of the 2001 Stock Option Plan. On May 24, 2005, each of our non-employee directors was granted an option to purchase 25,000 shares of our common stock, which options vest over 3 years in equal annual installments and are exercisable at \$28.03 per share, the closing price of our common stock on the date of grant.

#### **Communications with the Board**

Stockholders wishing to communicate with the Board should direct their communications to: Secretary, Inverness Medical Innovations, Inc., 51 Sawyer Road, Suite 200, Waltham, MA 02453. Stockholder communications must state the number of shares of our stock beneficially owned by the stockholder sending the communication. The Secretary will forward the communication to the Board or to any individual director or directors to whom the communication is directed; provided, however, that if the communication is unduly hostile, profane, threatening, illegal or otherwise inappropriate, the Secretary has the authority to discard the communication and take any appropriate legal action.

#### **Code of Ethics**

Our Board has adopted a code of ethics that applies to all of our employees and agents world-wide, including our chief executive officer, our chief financial officer, our other executive officers and the members of the Board. Known as the Inverness Medical Innovations Business Conduct Guidelines, this code of ethics is posted in its entirety on the *Corporate Governance* page of our website at [www.invmed.com](http://www.invmed.com).



**Proposal 1**

**Election of Directors**





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At the 2006 annual meeting, the term of the Class II Directors will expire. The Board proposes, at the recommendation of the Nominating and Corporate Governance Committee, that at the 2006 annual meeting of stockholders the following nominees be elected as Class II Directors:

**Carol R. Goldberg**  
**Alfred M. Zeien**  
**Ron Zwanziger**

As noted above, each of these nominees is currently serving as a member of the Board. The proxies granted by stockholders will be voted individually at the annual meeting for the election of these three nominees. In the event that Ms. Goldberg, Mr. Zeien or Mr. Zwanziger shall be unable to serve, it is intended that the proxy will be voted for any replacements nominated by the Board. Ms. Goldberg, Mr. Zeien and Mr. Zwanziger have indicated that they will serve on the Board if elected. For information regarding these nominees, see Information Regarding Nominees, Other Directors and Executive Officers.

**Vote Required**

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The Class II Directors must be elected by a plurality of the votes properly cast at the annual meeting. This means that the three nominees receiving the highest number of FOR votes will be elected as Class II Directors. Votes may be cast FOR or WITHHELD FROM each nominee. Votes that are WITHHELD FROM the nominees will be excluded entirely from the vote and will have no effect. Furthermore, if you hold your shares in your own name as a holder of record, and you fail to vote your shares, either in person or by proxy, the votes represented by your shares will be excluded entirely from the vote and will have no effect. If, however, your shares are held by a broker, bank or other nominee (i.e., in street name ) and you fail to give instructions as to how you want your shares voted, the broker, bank or other nominee may vote the shares in their own discretion.

### **Recommendation**

**The Board unanimously recommends a vote FOR the election of the nominees listed above.**



## Information Regarding Nominees, Other Directors and Executive Officers

The following biographical descriptions set forth certain information with respect to the three nominees for election as Class II Directors, the incumbent, continuing directors who are not up for election at this annual meeting and the executive officers who are not directors. This information has been furnished by the respective individuals.

Name	Age	Position
Ron Zwanziger	52	Chairman of the Board, Chief Executive Officer and President
David Scott, Ph.D.	49	Chief Technical Officer
Jerry McAleer, Ph.D.	50	Director, Vice President, Research and Development and Vice President, Cardiology
Hilde Eylenbosch, M.D.	42	Vice President, Consumer Diagnostics
David Toohey	49	Vice President, Professional Diagnostics
John Yonkin	46	Vice President, Nutritionals
Geoffrey Jenkins	54	Vice President, Worldwide Operations
Roger Piasio	67	Chief Scientific Officer and General Manager, Binax, Inc.
John Bridgen, Ph.D.	59	Vice President, Business Development
Peter Welch	54	Managing Director, Unipath Limited
Christopher J. Lindop	48	Chief Financial Officer
Paul T. Hempel	57	Senior Vice President and Secretary
Carol R. Goldberg	75	Director
Robert P. Khederian	53	Director
John F. Levy	59	Director
John A. Quelch	54	Director
Peter Townsend	71	Director
Alfred M. Zeien	76	Director

### *Nominees for Election as Class II Directors Term Expiring 2009*

**Carol R. Goldberg** has served on the Board since May 30, 2001. Ms. Goldberg served as a director of our predecessor company, Inverness Medical Technology, from August 1992 through November 2001, when that company was acquired by Johnson & Johnson. Since December 1989, she has served as president of The AVCAR Group, Ltd., an investment and management consulting firm in Boston, Massachusetts. Ms. Goldberg is a director and serves on the compensation committee of the board of directors of America Service Group, Inc., a publicly traded, managed healthcare company. Ms. Goldberg is Chairperson of the Board's Compensation Committee.

**Alfred M. Zeien** has served on the Board since July 31, 2001. From 1991 until his retirement in 1999, Mr. Zeien served as Chairman and Chief Executive Officer of The Gillette Company, a consumer products company. Mr. Zeien currently serves on the boards of EMC Corporation, a publicly traded company, and Bernard Technologies, Inc. Mr. Zeien is Chairperson of the Board's Nominating and Corporate Governance Committee and a member of its Compensation Committee.

**Ron Zwanziger** has served as our Chairman, Chief Executive Officer and President since our inception on May 11, 2001. Mr. Zwanziger served as Chairman, Chief Executive Officer and President of our predecessor company, Inverness Medical Technology, from its inception in 1992 through November 2001 when that company was acquired by Johnson & Johnson. From 1981 to 1991, he was Chairman and Chief Executive Officer of MediSense, a medical device company.



*Incumbent Class III Directors Term Expiring 2007*

**Robert P. Khederian** has served on the Board since July 31, 2001. Mr. Khederian is the chairman of Belmont Capital, a venture capital firm he founded in 1996, and Provident Corporate Finance, an investment banking firm he founded in 1998. From 1984 through 1996, he was founder and Chairman of Medical Specialties Group, Inc., a nationwide distributor of medical products which was acquired by Bain Capital. Mr. Khederian is also lead independent director of Cambridge Heart, Inc., where he also serves on the compensation committee. Mr. Khederian is a member of the Board's Audit Committee and Compensation Committee.

**David Scott, Ph. D.**, has served on the Board since July 31, 2001 and is our Chief Scientific Officer. Dr. Scott served as Chairman of Inverness Medical Limited, a subsidiary of our predecessor company, Inverness Medical Technology, from July 1999 through November 2001, when that company was acquired by Johnson & Johnson, and as a managing director of Inverness Medical Limited from July 1995 to July 1999. Dr. Scott served as Managing Director of Great Alarm Limited, a consulting company, from October 1993 to April 1995. Between October 1984 and September 1993, he held several positions at MediSense UK, serving most recently as Managing Director where he was responsible for managing product development, as well as the mass manufacture of one of its principal products, ExacTech.

**Peter Townsend** has served on the Board since May 30, 2001. Mr. Townsend served as a director of our predecessor company, Inverness Medical Technology, from August 1996 through November 2001, when that company was acquired by Johnson & Johnson. From 1991 to 1995, when he retired, Mr. Townsend served as Chief Executive Officer and a director of Enviromed plc, a medical products company currently known as Theratase plc. Mr. Townsend is a member of the Board's Audit Committee.

*Incumbent Class I Directors Term Expiring 2008*

**John A. Quelch** joined the Board on March 10, 2003. Since June, 2001, Mr. Quelch has been a professor and Senior Associate Dean at the Harvard Business School. From July 1998 through June 2001, he was Dean of the London Business School. Mr. Quelch also serves as a director of WPP Group plc, one of the world's largest communications groups, and Pepsi Bottling Group and as Chairman of the Massachusetts Port Authority. He is a member of the Board's Nominating and Corporate Governance Committee.

**John F. Levy** has served on the Board since May 30, 2001. Mr. Levy served as director of Inverness Medical Technology from August 1996 through November 2001, when that company was acquired by Johnson & Johnson. Since 1993, he has been an independent consultant. Mr. Levy served as President and Chief Executive Officer of Waban, Inc., a warehouse merchandising company, from 1989 to 1993. Mr. Levy is Chairperson of the Board's Audit Committee and is a member of the Nominating and Corporate Governance Committee.

**Jerry McAleer, Ph.D.**, joined the Board on March 10, 2003. Dr. McAleer has also served as our Vice President, Research and Development since our inception in May 2001 and has also recently assumed the additional role as our Vice President, Cardiology. Dr. McAleer served as Vice President of Research and Development of our predecessor company, Inverness Medical Technology, from 1999 through November 2001, when that company was acquired by Johnson & Johnson. From 1995 to 1999, Dr. McAleer served as Director of Development of Inverness Medical Limited, Inverness Medical Technology's primary research and development unit, where he headed the development of Inverness Medical Technology's electrochemical glucose strips. Prior to joining Inverness Medical Technology, Dr. McAleer held senior research and development positions at MediSense from 1985 to 1993 and more recently, at Ecosensors, Inc., an environmental research company, where he was responsible for the development of electrochemically based assay systems.





*Executive Officers Who Are Not Directors*

**Hilde Eylenbosch, M.D.**, has served as our Vice President, Consumer Diagnostics since July 2005. Prior to assuming that title she served as our Vice President, Consumer Marketing from October 2004 to July 2005 and Vice President of International Women's Health from November 2001 to October 2004. Dr. Eylenbosch served in the same capacity for our predecessor company, Inverness Medical Technology, from August 2001 until that company was acquired by Johnson & Johnson in November 2001. Prior to that she held various positions at Inverness Medical Technology, including Director of U.S. Women's Health from September 1998 through October 2000. When she joined Inverness Medical Technology in January 1995, Dr. Eylenbosch was responsible for marketing that company's women's health products in Europe. Before joining Inverness Medical Technology, Dr. Eylenbosch was employed by Synthelabo, a French pharmaceutical company, where she held various marketing positions.

**David Toohey** has served as our Vice President, Professional Diagnostics since October 2002. Prior to that time he served as our Vice President, European Operations since February 2002, as our Vice President, New Products from November 2001 through February 2002, and as Managing Director of our Unipath Limited subsidiary from December 2001 through October 2002. Mr. Toohey was employed by our predecessor company, Inverness Medical Technology, as its Vice President, New Products from May 2001 through November 2001, when that company was acquired by Johnson & Johnson. Prior to joining Inverness Medical Technology, Mr. Toohey served as Vice President of Operations at Boston Scientific Corporation's Galway, Ireland facility, Boston Scientific's largest and most complex manufacturing facility with 2,500 employees. Between 1995 and 2001 he oversaw the growth of that facility from a 100 person start-up, initially serving as general manager, later as managing director and finally as vice president of operations. Prior to that time he held various executive positions at Bausch & Lomb, Inc., Digital Equipment Corp. and Mars, Inc.

**John Yonkin** has served as our Vice President, Nutritionals, our vitamin and nutritional supplements manufacturing and distribution business, since April 2005. Prior to assuming that title, he served as our Vice President, U.S. Sales and Marketing since November 2001. Mr. Yonkin served as Vice President of U.S. Sales of our predecessor company, Inverness Medical Technology, from October 1998 through January 2000 and as its General Manager from January 2000 through November 2001, when that company was acquired by Johnson & Johnson. He also served as Manager of Product Development for Inverness Medical Technology from October 1997 until October 1998. From January 1995 to September 1997, Mr. Yonkin was Director of National Accounts for Genzyme Genetics, a subsidiary of Genzyme, Inc., a leader in genetic testing services for hospitals, physicians and managed healthcare companies.

**Geoffrey Jenkins** has served as our Vice President, Worldwide Operations since September 2005. He has over twenty-five years of operational experience in professional and consumer healthcare companies. In October 2000, he co-founded UV-Solutions, LLC, a product development company specializing in flash-based, germicidal, ultra-violet sterilization technology. Prior to UV-Solutions, Mr. Jenkins joined MDI Instruments, Inc. as Chief Operating Officer in June 1997 and was appointed President in January 1999. MDI Instruments developed and marketed both consumer and professional diagnostic devices for the early detection of ear infections. The company was acquired by Beckton Dickinson in 1999. From 1984 through May 1997, Mr. Jenkins served as Vice President of Operations for MediSense, Inc., an international developer, manufacturer and marketer of professional and consumer diagnostics. He was responsible for MediSense's domestic and international operations related to blood glucose monitors.

**Roger Piasio** joined our company in March 2005 as Chief Scientific Officer and General Manager of Binax, Inc. upon our acquisition of Binax. Prior to our acquisition of Binax, Mr. Piasio served as President and Chief Executive Officer of Binax since 1986. Prior to founding Binax, Mr. Piasio was co-founder and Senior Vice President of Research and Development at Ventrex Laboratories, which introduced the first rapid ELISA physician office tests in the United States for pregnancy and strep throat.



**John Bridgen, Ph.D.**, joined our company in September 2002 upon our acquisition of Wampole Laboratories. Dr. Bridgen served as President of Wampole from August 1984 until September 2005. He currently serves as our Vice President, Business Development. Prior to joining Wampole, Dr. Bridgen had global sales and marketing responsibility for the hematology and immunology business units of Ortho Diagnostic Systems Inc., a Johnson & Johnson company.

**Peter Welch** joined us when we acquired the Unipath business from Unilever in December 2001 and he has served as Managing Director of Unipath Limited since May 2004. Prior to that he was Vice President, Commercial & Chief Financial Officer of Unilever's Unipath business since 1986, where, for much of that time, he was responsible for Unipath's licensing and enforcement of intellectual property.

**Christopher J. Lindop** has served as our Chief Financial Officer since September 22, 2003. Prior to joining us, Mr. Lindop served as an audit partner with Ernst & Young LLP, an accounting firm, from June 2002 until September 2003. Mr. Lindop was an audit partner with the Boston office of Arthur Andersen LLP, an accounting firm, from 1991 until joining Ernst & Young in June 2002. Mr. Lindop has served a variety of public companies in the life science and technology sectors.

**Paul T. Hempel** served as our General Counsel and Secretary since our inception on May 11, 2001. In April 2006, Mr. Hempel became Senior Vice President in charge of leadership development, while retaining his role as Secretary and oversight of legal affairs. Mr. Hempel served as General Counsel and Assistant Secretary of our predecessor company, Inverness Medical Technology, from October 2000 through November 2001, when that company was acquired by Johnson & Johnson. Prior to joining Inverness Medical Technology, he was a founding stockholder and Managing Director of Erickson Schaffer Peterson Hempel & Israel PC from 1996 to 2000. Prior to 1996, Mr. Hempel was a partner and managed the business practice at Bowditch & Dewey LLP.

## Principal Stockholders

The following table furnishes information as to shares of our common stock beneficially owned by:

- each person or entity known by us to beneficially own more than five percent of our common stock;
- each of our directors;
- each of our named executive officers (as defined in Compensation of Executive Officers on page 13); and
- all of our directors and executive officers as a group.

Unless otherwise stated, beneficial ownership is calculated as of February 1, 2006. For the purpose of this table, a person, group or entity is deemed to have beneficial ownership of any shares that such person, group or entity has the right to acquire within 60 days after such date through the exercise of options or warrants.

## Security Ownership of Certain Beneficial Owners and Management

Name and Address of Beneficial Owner (1)	Common Stock			
	Amount and Nature of Beneficial Ownership(2)			Percent of Class (3)
FMR Corp.(4)	4,105,701			14.85 %
Zwanziger Family Ventures, LLC(5)	1,978,375			7.05 %
Ron Zwanziger(6)	3,533,192			12.54 %
David Scott, Ph.D.(7)	745,781			2.67 %
Jerry McAleer, Ph.D.(8)	672,139			2.40 %
Christopher J. Lindop(9)	46,874			*
David Toohey(10)	100,080			*
John Bridgen, Ph.D.(11)	59,297			*
Carol R. Goldberg(12)	104,103			*
Robert P. Khederian(13)	145,000			*
John F. Levy(14)	138,693			*
John A. Quelch(15)	25,000			*
Peter Townsend(15)	25,000			*
Alfred M. Zeien(15)	25,000			*
All current executive officers and directors (18 persons)(16)	5,926,806			20.07 %

\* Represents less than 1%

(1) The address of each director or executive officer (and any related persons or entities) is c/o the Company at its principal office.

(2) Unless otherwise indicated, the stockholders identified in this table have sole voting and investment power with respect to the shares beneficially owned by them.

(3) The number of shares outstanding used in calculating the percentage for each person, group or entity listed includes the number of shares underlying options and warrants held by such person or group that were exercisable within 60 days from February 1, 2006, but excludes shares of stock underlying options and warrants held by any other person.



- (4) This information is based on information contained in a Schedule 13G/A filed with the SEC on February 14, 2006 by FMR Corp. The address provided therein for FMR Corp. is 82 Devonshire Street, Boston, MA 02109.
- (5) Consists of 1,556,581 shares of common stock and 421,794 shares of common stock underlying warrants exercisable within 60 days from February 1, 2006. Ron Zwanziger, our Chairman, Chief Executive Officer and President, and Janet M. Zwanziger, his spouse, are the managers of Zwanziger Family Ventures, LLC and each have shared voting and investment power over these securities.
- (6) Consists of 3,003,757 shares of common stock and 529,435 shares of common stock underlying options and warrants exercisable within 60 days from February 1, 2006. Of the shares attributed to Mr. Zwanziger, 951,844 shares of common stock are owned by Mr. Zwanziger as Trustee of the Zwanziger 2004 Annuity Trust, and 1,556,581 shares of common stock and 421,794 shares of common stock issuable upon the exercise of warrants are owned by Zwanziger Family Ventures, LLC, a limited liability company managed by Mr. Zwanziger and his spouse. Of the other shares attributed to him, Mr. Zwanziger disclaims beneficial ownership of (i) 2,600 shares owned by his wife, Janet M. Zwanziger, and (ii) 9,450 shares owned by the Zwanziger Goldstein Foundation, a charitable foundation for which Mr. Zwanziger and his spouse, along with three others, serve as directors.
- (7) Consists of 450,554 shares of common stock and 295,227 shares of common stock underlying options exercisable within 60 days from February 1, 2006.
- (8) Consists of 266,559 shares of common stock and 405,580 shares of common stock underlying options exercisable within 60 days from February 1, 2006.
- (9) Consists of 1,939 shares of common stock and 44,935 shares of common stock underlying options and warrants exercisable within 60 days from February 1, 2006.
- (10) Consists of 5,199 shares of common stock and 94,881 shares of common stock underlying options exercisable within 60 days from February 1, 2006.
- (11) Consists of 2,633 shares of common stock and 56,664 shares of common stock underlying options exercisable within 60 days from February 1, 2006.
- (12) Consists of 76,703 shares of common stock and 27,400 shares of common stock underlying options exercisable within 60 days from February 1, 2006.
- (13) Consists of 120,000 shares of common stock and 25,000 shares of common stock underlying options exercisable within 60 days from February 1, 2006.
- (14) Consists of 101,718 shares of common stock and 36,975 shares of common stock underlying warrants and options exercisable within 60 days from February 1, 2006. Mr. Levy disclaims beneficial ownership of 741 shares of common stock and warrants to purchase 266 shares of common stock owned by a charitable remainder unitrust.
- (15) Consists of 25,000 shares of common stock underlying options exercisable within 60 days from February 1, 2006.
- (16) Includes 1,874,382 shares of common stock underlying options or warrants exercisable within 60 days from February 1, 2006.



## Compensation of Executive Officers

Set forth below is information regarding the compensation of the Chief Executive Officer and the five other most highly compensated executive officers for fiscal year 2005. Such officers are collectively referred to as the named executive officers.

Summary Compensation Table. The following summary compensation table contains information regarding the named executive officers compensation for our last three completed fiscal years.

### Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Other Annual Compensation	Long-Term Compensation Awards		Payouts		All Other Compensation(4)
		Salary	Bonus		Restricted Stock Awards	Shares Underlying Options	LTIP Payouts		
Ron Zwanziger Chairman, CEO and President	2005	\$ 350,000	\$ 550,000						\$ 1,242
	2004	\$ 350,000	\$ 550,000						\$ 1,242
	2003	\$ 295,553	\$ 550,000			7,576			