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## Event Transcript

**QDEL - CCBN Virtual Healthcare Conference: Co-sponsored by  
Lippert/Heilshorn & Associates and RedChip Partners**

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QDEL - CCBN Virtual Healthcare Conference: Co-sponsored by Lippert/Heilshorn & Associates and RedChip Partners

## CORPORATE PARTICIPANTS

**S. Wayne Kay**

*Quidel Corporation - President and CEO*

## CONFERENCE CALL PARTICIPANTS

**Jim Flanagan**

*IR Strategic Advisors - President*

**The one is**

## PRESENTATION

**Jim Flanagan** - *IR Strategic Advisors - President*

Welcome to the CCBN Virtual Healthcare Conference, cosponsored by Lippert/Heilshorn & Associates and RedChip Partners. My name is Jim Flanagan. I'm President of IR Strategic Advisors, a Boston-area investor relations and public relations communication firm. I'm also a member of CCBN's advisory board, and I'll serve as your moderator today for this virtual healthcare conference.

For our audience and Webcast participants who are participating live today, you may submit a question at any time by simply typing your query into the question field that you'll find in the lower, left-hand side of your Webcast player.

I will present these questions during the question-and-answer session at the end of the company's prepared remarks. Should I have more questions than time allows, please be sure that we will forward all questions to the company management for a direct response.

The following presentation is by Quidel Corporation. Quidel Corporation, a worldwide company helping women and their families live healthy lives, discovers develops manufactures and markets rapid, point-of-care diagnostic tests for detection of medical conditions and illnesses.

These products provide accurate, rapid and cost-effective diagnostic information for acute and chronic conditions associated with women's health in areas such as reproduction and diseases of the elderly. Quidel also provides point-of-care diagnostics for infectious diseases, including influenza A and B, strep throat, H.pylori infection, Chlamydia, infectious mononucleosis and infectious vaginitis.

Quidel's products are sold to healthcare professionals for use in physician offices, clinical laboratories and pharmacies and to consumers through organizations that provide private label, store

brand products. These tests provide diagnostic information that enables rapid treatment and improves health outcomes, lowers cost and increases patient satisfaction.

Representing Quidel today is S. Wayne Kay, President and Chief Executive Officer. Mr. Kay, feel free to begin your presentation at any time.

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Thanks, Jim, and welcome to everyone listening in.

Jim did a great job on the initial introduction and will save me the first slide or two of introduction that I had intended to make.

I'm Wayne Kay, as Jim mentioned, President and CEO of Quidel Corporation. I joined Quidel as its president and chief operating officer in January of 2001 and was elected chief executive officer in August 2001. For those of you who don't know me, I have over 25 years of experience in the medical device and supplies industry, which includes running a multinational healthcare organization and heading up a diagnostic device startup company focused on point-of-care quantitative measurement devices.

In the next slide, as a good reminder to us all, this presentation contains forward-looking statements requiring - sorry - regarding Quidel and its future activities. Please refer to our Form 10-K, dated December 31st, 2001, and subsequent reports filed with the Securities and Exchange Commission.

The company overview - to give you a bit of a feel for Quidel, Quidel Corporation was founded in 1979 and began publicly as an owned company, as a result of the merger between Quidel and Monoclonal Antibodies Incorporated in 1991. Over the past four years, we've made three strategic acquisitions that have strengthened our position as a leader in point-of-care testing and expanded our technology development base.

We acquired Metra Biosystems, expanding into the area of bone health products and launched the QUS-2 ultrasonometer to aid in the diagnosis of osteoporosis. We acquired Dade Behring's urinalysis business, along with its assets of the Rapignost urine test strip business, moving into the \$430 million, worldwide, urinalysis market.

And most recently, we acquired Litmus Concepts, Inc. and added the innovative, layered thin film, or LTF, technology

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platform, launching our first two products from this platform just this past July of 2002.

We've grown to a company of over 350 employees. We have institutional ownership of the company at about 50 percent, and our outstanding shares are approximately 30 million. We're a global company based, with manufacturing facilities, in San Diego and Santa Clara in California and in Marburg, Germany.

Quidel is a leading provider of rapid diagnostic tests for both the professional and for consumer use. We are U.S. market leader in several, key, point-of-care product categories, with sales through medical product distributors.

We offer a breadth of product that is, as Jim had mentioned, focused in areas of pregnancy and ovulation testing, infectious diseases, autoimmune disease, osteoporosis and urinalysis. Our products are increasingly available worldwide, and, additionally, we have our innovative and proprietary, new LTF, or layered thin film technology platform, which I'll speak to more in a moment.

We focus on our customers, our products, our partners and our technology, and we continue to grow as a strong, global company. As a leader in the point-of-care testing market, we offer diagnostic products designed to provide accurate, rapid and cost-effective information for acute and chronic conditions for women and their families. We have launched the first products on our innovative LTF technology, which I'll go into in more detail a bit later on.

International sales is a strategic focus for Quidel, accounting for an estimated 34 percent of sales in the 2002 season. We have worked diligently to achieve manufacturing excellence, transitioning to a highly automated process, improving both cost and efficiencies of our operations. When looking at the breadth of products as a leader in rapid point-of-care testing, we offer a broad range of diagnostic products in the areas of infectious disease, urinalysis, women's health products and osteoporosis.

Our women's health diagnostics have been a major focus of the company since our first products for pregnancy and ovulation were out-licensed in 1986. We have now expanded this line of products to include two tests for infectious vaginitis, a condition that accounts for 10 million physician office visits each year in the U.S. alone. These two tests are now available on our new LTF platform under the QuickVue Advance brand name.

Our recent, new product launches into the UrinQuick urine chemistry analyzer, automating the reading of our urine test strips, and our QUS-2 ultrasonometer, used to aid in the detection of osteoporosis.

We are excited about our new proprietary LTF technology platform, a revolutionary method of delivering rapid, easy-to-read results on a convenient, credit-card size device that can be produced more efficiently than existing methods. We have a strong intellectual property base of 22 issued patents covering this technology, with additional patents pending.

To effectively market products globally, Quidel has launched an initiative to consolidate branding and packaging around the QuickVue brand name, which has already been very well received in the United States' rapid, point-of-care testing market.

If you look at a few of our key products in the next few slides, you'll see in the first slide the professional pregnancy testing market here in the United States. You see that we are clearly the leader, with a 50-percent share of market - more than three times the size of the second-largest player.

Moving to rapid strep A testing in the next slide, you see that in this particular market, again, referring to U.S. data available for 2001, the last year for which full data is yet available, Quidel clearly has the leading position, where we're about two and a half times the size of the number-two participant in this market. And, interestingly, you would note that the number-two player for this particular product market does not even participate in the pregnancy testing market, which I first showed.

When looking to our newest of these three diagnostic testing areas, our tests for rapid influenza testing, we had a 36-percent share of the U.S. market, which we captured in 2001, and, clearly, with the momentum that we've had with this product, just in its third year since introduction, we expect to overcome the leadership position in the market during 2002, where we believe we could meet or exceed that 50-percent share of market position.

Moving on to our UrinQuick Urine Chemistry Analyzer, it's a semi-automated, bench-top (ph) instrument for measuring QuickVue UrinChek reagent test strips for urinalysis. This is the only semiautomated urinalysis instrument with a full, internal quality control system. It's very easy to operate, runs more than 360 test strips per hour and stores 2,000 patient data results.

This instrument has been introduced internationally, with a healthy backlog, in some 16 countries to date. We have in place

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an exclusive distribution agreement in the U.S. with Allegiance Healthcare, which will roll out the product introduction early in 2003.

Next, the QUS-2 ultrasonometer is shown here on the next slide. Bone health products are increasingly gaining importance in the field of women's health. In 1991, a major study published in the "Journal of the American Medical Association" found a high incidence of undetected cases of osteoporosis.

This study suggests that the millions of women, age 50 and older, who have not been assessed for osteoporosis, are putting themselves at increased risk of breaking a bone.

Quidel has 11 products in its bone health product portfolio. The Quidel QUS-2 ultrasonometer is a portable device that uses ultrasound to assess the density or quality of the bone in the heel of a person's foot. The test results from this device can be used by physicians to aid in determining the risk of bone fractures. This device is approved to carry a CE marking, allowing for its distribution in Europe.

It is commercially available also in select Asia Pacific and Latin American countries. We have just recently concluded an exclusive U.S. distribution agreement for the U.S., again with Allegiance Healthcare, for this product.

Moving on to our QuickVue Advance products, the LTF technology platform is a revolutionary technology that delivers rapid, easy-to-read results on a convenient, credit-card size device that can be produced more efficiently than existing methods. LTF uses pattern film 10 reagent films layered in three dimension across a card-like base, using enzymes and other metabolic markers for rapid and specific disease detection.

The LTF technology platform permits the manufacturer of multiple, rapid tests on a single device for a variety of screening and monitoring usages, such as a panel for upper respiratory diseases, sexually transmitted diseases, infectious vaginitis and, potentially, drugs of abuse and cardiac markers.

These platforms can utilize enzymes, antibodies and other markers for rapid and specific disease detection. We're in the process of transforming our core, immunochemistry, lateral flow products to use this new, LTF platform during the course of the next several years.

We have a strong, LTF intellectual property portfolio of 22 patents, with additional patents pending. Potential out-licensing

(ph) of our LTF platform remains a key consideration for leveraging this proprietary technology.

And the next few slides demonstrate (ph) exactly how the LTF infectious vaginitis products are performed by a physician or nurse in an office. The first slide you see is a slide about pH and Amines tests. You will see in the next slide where the physician actually collects a vaginal specimen on a cotton swab, and the next slide you see the cotton swab being applied to the reagent circular area for the pH.

In the next slide you see a positive test result - would actually show a positive sign that would develop, telling the physician that that patient's specimen has exceeded the threshold of pH of concern to the physician. Taking that same swab, in the next slide, the physician would apply that to the circular reagent area for the vaginal Amines test, again, after waiting two minutes, will then read a test result that develops in the window of that reagent circle. And as you see here, it's a negative test result that develops with a negative bar.

The other test for infectious vaginitis developed using this technology is a test for Gardnerella vaginalis. You'll see the test in this next slide. And in the slide that follows - again, taking a vaginal swab - the circular motion in the reagent area for three or four turns of the swab in that reagent circle - then waiting three minutes and then reading, in this case, a red color on the tip end of the swab, as you see in the next slide, which is indicative of a positive test result.

If, as you see in the next slide, there's no color development, that is telling the physician or the nurse that, indeed, the test result is negative for Gardnerella vaginalis.

Moving on, as we look at our new product pipeline, we are migrating products from our lateral flow to the layered thin film technology to improve our business economic model, and we anticipate gross margin improvement as well.

Our first global commercialization efforts were achieved in July of this year with two products in our women's health product area that are now available in the LTF platform and are continuing to convert other existing lateral flow products like those that I mentioned, where we have leadership positions, in the pie charts earlier in this presentation, as we will move those to this LTF technology.

We also plan to leverage this technology through out-licensing opportunities, as I've mentioned. Moving on, 34 percent of Quidel's total revenues is made up of international sales. In

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addition to our facilities in Germany and Italy, we have international sales offices in the U.K., Holland, the Middle East, Australia and Japan.

The next slide - you'll note that consumer demand for rapid, point-of-care, in vitro diagnostic products is continuously increasing, and the global market is expected to grow to \$2.2 billion by next year 2003.

Our international revenues continue to increase, given successful launch of our RapidVue influenza test this past year in Japan; our QuickVue Influenza Test being launched in consumer markets in Germany, Italy and the United Kingdom; our QuickVue Dipstick Strep A product, which has just recently received governmental approval in Japan and will be launched there in addition to the flu product; and our UrinQuick Urine Chemistry Analyzer introduction internationally, with a healthy backlog, as I had mentioned, in 16 countries.

As we move on to kind of view the professional and consumer markets served by Quidel, we continue to leverage and develop our strong, technology platform. Quidel is the only company in our space that invests in the technologies of tomorrow, revolutionizing diagnostic point-of-care testing, we believe.

We have named top - we have been named the top supplier by the three largest distributors in the U.S. We have a large network of medical-surgical (ph) supply distributors worldwide, as well as a strong network of international distribution partners. And we now have an expanded reach of our diagnostic products, which we feel will reach nicely into select consumer product market segments moving forward.

As you look at manufacturing excellence, our transition from semiautomated, labor-intensive processes has yielded great returns for the company. There have been significant operational improvements that have resulted in lower costs and increased throughput, quality and reliability. Throughout our automated manufacturing processes, we were able to run high-quality tests more quickly and precisely in larger lots, benefiting from this automation.

We have made significant process improvements in the chemistry formulation area and in efficiencies in the assembly and packaging production areas. We have a successful manufacturing operation in Marburg, Germany for our urinalysis business, and, in both our San Diego and Santa Clara facilities, we received ISO recertification during the past year.

Clearly, success of any company is dependent upon a strong, experienced management team. We have the right team in place - focused and results-driven - and these folks have the necessary, requisite experience in order to drive shareholder value for Quidel in a way that we feel everyone is expecting. That list continues on the next slide, where, again, we put those right folks in place to serve the needs of our expanding business.

And to summarize, and looking at investment highlights of Quidel, we feel that, clearly, Quidel is a leading provider of rapid, point-of-care diagnostic tests for both the professional and consumer. Our products are increasingly available worldwide. Our recent acquisition of the new, layered thin film technology platform strongly supports our diligence to operating more efficiently and more cost-effectively.

We have a long history in women's health products, with continuously-expanding product portfolio. We have developed a breadth of product offering that we feel is unmatched by any, and we have achieved strong, brand infinity and are working continuously to improve excellence in our products, our technology and our operations.

Jim, I want to thank you and all the listeners for your interest in Quidel, and I'll be happy to answer any questions that you might have.

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## QUESTIONS AND ANSWERS

**Jim Flanagan** - *IR Strategic Advisors - President*

Thank you, Mr. Kay. And for our audience that is participating live today, we remind you that you may submit a question at any time by simply typing your query into the question field that you'll find in the lower, left-hand side of the Webcast player.

Our first question for Mr. Kay: "As the leader of a fast-growing company, what, in your view, are the key trends that will most affect the future of the clinical diagnostics industry?"

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Interesting question. Certainly, there are several. The point-of-care market, in general, including patient, bedside testing done in the hospital, is a key trend that will affect the future of the clinical diagnostic industry. Both of these trends create more cost-effective solutions and provide actionable information, we feel, as a result of it.

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Another trend is the increasing consumerism, if you will, of healthcare, where patients are becoming more and more involved and embracing preventative care, and we find that they very much have a high affinity for diagnostics. They're actively involved in their own health decisions, which includes everything from home pregnancy testing and glucose monitoring of diabetics to strep and influenza testing.

And the last, I guess, is better management provided by point-of-care testing -further increased molecular diagnostic methodology, such as genomics and proteomics, increased integration and data management of patient results from differing sources.

We believe all contribute to this growing trend of diagnostic testing.

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## **Jim Flanagan** - *IR Strategic Advisors - President*

Great answer. Do you focus your company on women's healthcare products? Are there other areas for growth within providing these kind of medical diagnostics for women, and would you see opportunities in the future to expand beyond women-focused products?

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## **S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. Good question. Clearly, a focus of ours is looking to the strength that we have of market-leading positions in women's health products. It's also an area where the ObGyn is a high-diagnostic tester and depends upon diagnostic test products like our franchise that we have in women's health.

But the woman we also see as an important gatekeeper of healthcare decisions, affecting selection of healthcare for the children, oftentimes, in the family - often for the spouses and even for the parents as well.

And so we feel there are a number of product extensions and expansions beyond our current point-of-care testing franchise that are - that are ideal candidates for further expansion. And our layered thin film technology is what particularly excites us - that we have the platform from which to drive this kind of product development expansion as we move forward.

## **Jim Flanagan** - *IR Strategic Advisors - President*

Our next question's relative to the thin film that you just mentioned. "Do you believe that demand for point-of-care products will be driven for your company specifically by the thin film, or will there be other factors that'll drive growth?"

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## **S. Wayne Kay** - *Quidel Corporation - President and CEO*

Now, there'll certainly be other factors. There'll be a need to be satisfied. Our solution will be the answer offered through the layered thin film as being a far more competitive offering and easier - more consumer-friendly, if you will. But I believe point-of-care testing will increase over the next five years or so, in both the professional and consumer markets.

This heightened demand will be driven by the need to get testing closer to the patient, thus affording the user, whether that be the patient themselves or the clinician, the information that they need to make faster decisions on diagnosis and treatment.

So point-of-care testing will continue to play a critical role in monitoring disease state and identifying new conditions. Women's health will be a key focus of Quidel both now and in the future.

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## **Jim Flanagan** - *IR Strategic Advisors - President*

Our next question is relative to changes in distribution and supply chain management that you anticipate. How's that going to affect your company?

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## **S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. You know, I think we've seen, certainly, rapid consolidation across the industry. I think we'll continue to see more consolidation by distributors in world markets, and we'll further see a greater movement by some of those distribution players to more private-label branded products of their own as well.

I think better inventory management, continued dialogue between vendors and suppliers to minimize costs within the system - again, the high recognition that we have as being a supplier of choice with three of the largest distribution players in the United States helps us identify what are those important supply chain issues important to our distribution customers that will help us excel, as we move together in our partnerships in the future.

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**Jim Flanagan** - *IR Strategic Advisors - President*

A related question: "As such a strong, private label partner, do you see any need to move into self-branded products at the consumer level?"

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

I think there will be some self-branded products at the consumer level and whether Quidel gets to the market directly ourselves with our own branded products or whether we license our technology and the development of products with other large, existing consumer-product, successful companies in that marketplace, will be one of the strategic considerations that we're currently contemplating ourselves and would expect to see a host of strong existing brands, as well as new brands, and are offering those products to the consumer.

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**Jim Flanagan** - *IR Strategic Advisors - President*

And a strategy-related question: "What about partnerships - strategic alliances? Where do they fall within the business model as you see it today for your company and going forward?"

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. You know, Quidel has succeeded with three relatively small acquisitions, as I mentioned, over the last three years. We really see, given the breadth of products that we offer and the favor of which our partners in distribution view working with Quidel to reach physicians and nurses - laboratories - we're an ideal collaborative partner, whether it be through a strategic partnership of sorts or the direct, collaborative work in the development of a product or eventual acquisition.

So, strategically, all are important considerations and ones that we weigh very seriously, as we look at the fabric of the company moving forward.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Relative to acquisitions: "Are there products or opportunities or technologies out there that you feel would be complementary? And then what would make sense for you guys, in terms of an acquisition?"

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. You know, I mentioned that there are a number of product platforms that we're expanding with new products. Part of those are in instrument-assisted devices, not just a disposable test kit, as we have with pregnancy or strep A or influenza.

And so whether it's a urinalysis instrument with reagents, or whether it's the instrumentation for a bone density measurement with our ultrasonometer, there are a number of areas, particularly in some of the cardiac market areas, some stroke markers and others, that absolutely will require some form of quantification, as opposed to a qualitative answer, and I think, again, given the excitement of potential for - with our layered thin film technology, I think we'll see some automated, quantitative system, that are married with our layered thin film technology capabilities, to have these instrumented, small systems available for point-of-care, testing, diagnostic solutions for the doctor and his office or in the clinic area.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Great. I'd like to remind our live Webcast participants today that you may submit a question at any time by simply typing your query into the question field that you'll find in the lower, left-hand side of the Webcast player.

Our next question of Mr. Kay is: "Your company is involved in both the discovery, development and your manufacturing. As you grow bigger, will there be a need to focus the company in on one of those particular areas as a - as your core competency?"

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. I think, clearly, our core competencies are excelled by the strength of our position and distribution and the strong partnerships that we have for representing our products worldwide. And I expect that between our supply chain excellence, with which we deal with those partners, and our ability to be the right sales and marketing organization to drive the delivery of those product areas, it (ph) is an area to excel moving forward.

I expect we'll continue to build a strength in that competency. It's difficult for me to imagine having the right economic model without being the product, particularly with the advances we've made in the last few years in both automating, as well as looking to the layered thin film area.

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But your point's well taken in your question, and I believe our commercialization success will be an area that we'll continue to lean heavily on.

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**Jim Flanagan** - *IR Strategic Advisors - President*

As a manufacturer, does that suggest you're going to move beyond products into the services area?

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. In - that's a good question. I mean, there are services that - you know, as we look at the increasing importance that a manufacturer looks to, we look beyond simply the utilization of our products, and, instead, we look at its application within the care process. And it's a - you know, implies an understanding the - of the diagnostic and procedural setting, the relevant treatment protocols and, kind of, the best-demonstrated practices.

And I think the manufacturer should take an active role in helping design these best-demonstrated practices and how their products fit in. This includes clinical education, networking opportunities for the physician - the clinician - patient inquiry information and ties to other supportive educational sources.

Manufacturers like Quidel will become more customer-oriented with more online (ph) educational programs and better-informed sales and technical representatives being able to - be faster in our response to customer problems and inquiries. So more manufacturers will realize that it's easier to keep a satisfied customer than it is to find a new one.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Our next question is relative to your international operations, and I guess it's a two-part question.

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**The one is**

"How much of your operations now, as well as going forward, will actually be manufactured overseas, and what percentage of your total business do you expect to come from the international sector, and will that be a growing component?"

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. When I arrived at the company two years ago, we established a goal for ourselves that we would like to move from, then, 25 percent of our revenues coming from outside of the U.S. to a targeted area of 40 percent contribution from the international sales area three years out.

And, here, two years after having established that goal, as I stated earlier, we expect we'll end this year of 2002 and that second year through at 34 percent of our revenues coming from outside of the U.S. Whether we'll achieve the full 40 percent in 2003, or if it takes us until 2004, I think we'll get some much better balanced contribution of revenues - this global business - coming from the international markets as we look out the next 18 to 24 months.

As far - regarding manufacturing, you know, there are a number of those potential collaborative arrangements you were speaking to in an earlier question about strategic considerations that relate to how and where you manufacture a package or add value to the product development and design.

And we currently have limited manufacturing in Marburg, Germany, which is where we manufacture all of our worldwide reagent strips for our urinalysis product area. And whether we look to expand from that base, or look to other international locations for expansion, will be partly dictated by which products and also by the needs of the markets and the government requirements, as well. That would be safer (ph) than the financial modeling of the business.

So those are all things that are open for consideration. Clearly, becoming a more internationalized company, with contributions outside of the U.S. from revenue, as well as, potentially, product manufacturing, is a significant, strategic objective for us.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Our next question is relative to government and the regulatory side of the business. "Many life science, biotech, medical technology companies are routinely impacted by the regulatory environment. How does that impact your company?"

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Well, it's certainly a major consideration, as well, and a challenge, as it should be for all manufacturing in the industry.

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I think that the one benefit that Quidel is blessed with is, number one, a mindset and a culture that's driven by high-quality design from the very beginning of product design to the high-performance quality of the product in the hands of the user. And much of that is guided by many of those regulatory requirements and needs to win the support of necessary government authorities in order to mark your product.

One of our greatest attributes are our people. Clearly, our regulatory staff and the expertise with which our regulatory chief has demonstrated success in the marketplace is one of the things that we believe - we keep that on the front of our dashboard at all times. It is something that is always a requirement in our thinking and one that we hope never becomes an obstacle but becomes an understood rule of the game and the price to pay to provide high-quality answers and solutions to physicians and patients alike.

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**Jim Flanagan** - *IR Strategic Advisors - President*

The Internet and changing economic environment affected all companies. How does the Internet and the economic environment affect your company in sales, operations and any other areas?

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. You know, as I had said in an earlier question - in response to an earlier question - healthcare customers - or patients - are certainly becoming far more sophisticated in Internet use and online ordering. We see that there'll be more and more shopping, if you will, online, and this will increase beyond commodity products, where folks currently may be looking for a better price, to a state of finding exact and specific solutions to their problems.

It's certainly something that we are designing, in the need to both have that competency and to project a image and capability that permits the consumer, the physician, the nurse or the laboratorian (ph) - able to both seek good diagnostic information, as well as to make this a part of their new technology, Internet usage fulfillment function as well.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Mr. Kay, you've been with the company now a couple of years, I gather?

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Right.

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**Jim Flanagan** - *IR Strategic Advisors - President*

What have you found about the company that you joined that is, sort of, your core competencies in the company, and what are the things that have caused you to be excited about the opportunities, as you look forward?

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

I think the fact that Quidel is focused clearly in the rapid, point-of-care segment. As I showed you on the competitive slides - the pie charts - we play in marketplaces with giants within our industry, but this is not necessarily the rapid, point-of-care testing area. It's not necessarily a key, strategic focus of many of these large, multinational companies.

Fortunately for Quidel, it's our only focus, and I think the fact that we're so focused on driving customer satisfaction - providing the right solutions and diagnostic answers to assist the doctor and, ultimately, the patient - is a thing that really has me the most excited and charged up about leading the drive of our - of our path from Quidel.

The thing that I mentioned a little earlier on the regulatory and some of the product development and manufacturing sales and marketing areas - capable and experience people, and, certainly, we've got to have the right ideas and the right capability to deliver these ideas to shareholder value.

But we've got a strong, motivated, talented group of individuals to help drive that shareholder value, and that's very exciting to be surrounded with every day.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Have you made any significant changes to the senior executive team since you joined the company?

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

I have. One of my first moves, just a little better than a year ago, was bringing a really operationally-based, competent chief financial officer to Quidel in Paul Landers. Paul not only is very

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good in the public market financial management but is equally strong in his ability to lead the operational, financial management and leadership necessary in the company - and a very strong partner to me in the overall, senior leadership direction for the company.

And another having joined us just about six months ago is an executive vice president responsible for all of the commercial and business development activities and - Bill Elliott. Bill has had as many years in our industry as I have, though a very diverse background, having started as a hospital administrator and having worked his way through the leadership of the largest supply chain management organization and having managed the supply chain function of the VHA, now known as Novation.

He went on and became the president of Bergen Brunswick Medical, one of our largest medical product distributor partners. And so he brings a breadth of diverse healthcare knowledge and experiences to provide very capable leadership, in being the second of two very senior management partners and leaders to our business, as we prepare for the opportunities for the future.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Our next question is a follow-up to a point you made about competing against larger, multinational corporations. "What's driving your success in that area? How are you able to compete, and can you comment about the competition?"

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. I think one of the things - as an example, in our influenza product area where I said big companies, but not with the same focus as we.

The Bechton Dickinson company's a fine organization, and BD, for years, had the only influenza test of any significance. Three years ago, when we introduced our product, they had 87 percent share of the market. As I said, this year I expect they'll be less than 50 percent. And they're one that we've taken significant market share away from.

But, more importantly, we've been responsible for helping to grow the market very noticeably over the rate of growth that it was having before. And its reason is our products are simple, easy-to-use, rapid and provide the right, quick answers to a rapid, busy physician office.

The BD product has seven reagents, requires 12 steps to perform the test - is a 22-minute test. Our test has one reagent, has three steps that you perform, requires only 30 seconds of hands-on time of the busy nurse or the doctor, and they have an answer in 10 minutes' time.

So being rapid, accurate, cost-effective, simple-to-use - all of these things are built into the design of the instrument without sacrificing any of the quality of high-standard performance that's required of the product, and I think the fact that BD is focused on many other product areas outside of point-of-care testing is to our advantage.

So that's one of the things that distinguishes us differently from the BDs or the Abbotts or the Beckman Coulter organizations, who have such a small stake in the point-of-care testing. Most of their testing is in the large, automated, clinical laboratory.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Sounds like a well thought out product platform. Our final question today - because we're running up against the end of our time - is: "For an investor that wanted to continue to monitor your company, what would you think are the key milestones that they should be looking for, as we go forward here in time?"

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**S. Wayne Kay** - *Quidel Corporation - President and CEO*

Yes. I would say they there are a couple of things. One is to watch how well we manage to continue to maintain the growth positions that we have in the three leading product areas that I showed in the slide presentation - for example, significant new growth in the influenza market.

And critically watch how well we are able to deliver new products to the marketplace in the infectious vaginitis area and the urinalysis area and in the bone health area, all of which I highlighted during the presentation.

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**Jim Flanagan** - *IR Strategic Advisors - President*

Thank you. We've been listening to Mr. Wayne Kay, President and Chief Executive Officer of Quidel Corporation - stock symbol QDEL. Mr. Kay, for people who would like to follow up, and for more information, your Web site is ...

# FINAL TRANSCRIPT

QDEL - CCBN Virtual Healthcare Conference: Co-sponsored by Lippert/Heilshorn & Associates and RedChip Partners

**S. Wayne Kay** - *Quidel Corporation - President and CEO*

www.quidel -- Q-U-I-D-E-L -- .com.

**Jim Flanagan** - *IR Strategic Advisors - President*

Thank you for your time today, Mr. Kay, and we thank our audience for your time.

For those in our audience who would like to listen to the next Webcast, please close your media player and return to ccbn.com, redchip.com or lhai.com. Thank you all for participating.

END

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