



COMPANY OVERVIEW

Beckman Coulter, Inc. develops and markets instruments, chemistries, software and supplies that simplify and automate laboratory processes. Our products support biomedical analysis in all phases of the battle against disease — from pioneering medical research through patient blood testing.

In 2003, the company sales were \$2.2 billion, with 70% of sales generated in the clinical diagnostics market, and 30% in the biomedical research market. Diluted earnings per share (excluding special charges/credits) were \$2.82.

Beckman Coulter offers a broad portfolio of instruments to separate, test and analyze the components of life. In the hospital clinical laboratory, we can supply virtually every routine blood test and 75% of all other tests. More than 70% of our products hold top tier market positions: hematology, general chemistry systems, centrifugation, capillary electrophoresis, spectrophotometry, protein analysis, biorobotics and rapid-testing.

Customers for our systems include pharmaceutical and biotechnology companies, universities, medical schools and research institutions, hospitals, physicians' offices and diagnostic reference laboratories throughout the world.

Beckman Coulter currently has nearly 200,000 major instrument systems in laboratories across the globe, generating after-market sales of operating systems, chemistry kits and service contracts, which represent about 64% of total revenues.

FINANCIAL YEAR-END: December 31

RE-INCORPORATION

Beckman re-incorporated in 1988, following a spin-off from SmithKline Beckman Corporation. In 1998, the name changed to Beckman Coulter, Inc., reflecting the 1997 acquisition of Coulter Corporation.

BUSINESS PROFILE

CORE STRATEGY

Beckman Coulter will create value with systems that **simplify** and **automate** customer processes to improve productivity as measured by an economic or outcome metric.

KEY SUPPORTING STRATEGIES

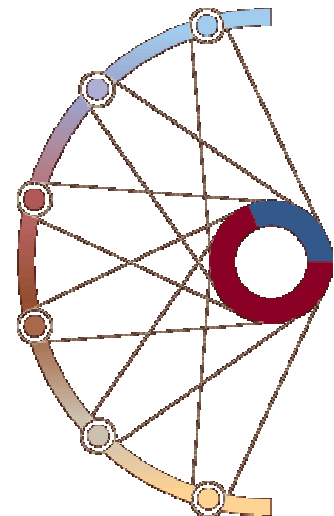
- I. Optimize and Leverage the Core Business
- II. Expand Tests and Technologies Around the Biomedical Testing Continuum
- III. Target High-Growth Opportunities

MASTERS OF INTEGRATION

Beckman Coulter products are designed to improve our customers' production and efficiency by integrating into their laboratory processes. Each of our analytical "systems" includes instruments, software and consumable supplies, such as reagents, chemistries, sample vials, etc. System purchases include up-front "needs assessments," after-sales customer training, application support and ongoing service.

LEVERAGING COMMON TECHNOLOGY

Beckman Coulter serves all of its customers with a common set of technical competencies in the chemistry, engineering and software sciences. These core competencies allow our company to leverage its investment in research and development, while creating a range of integrated instrument and reagent systems for use in biomedical research, and patient care settings. Also, by participating in the basic research market, Beckman Coulter gets an early window on new developments that someday will move from the discovery stage into clinical research, eventually moving into routine patient care.



Biomedical Testing Continuum



LABORATORY AUTOMATION - CLINICAL DIAGNOSTICS

In today's laboratories, demands have increased, while budgets and staffing have decreased. Beckman Coulter paves the way to productivity enhancements with systems that are fast, accurate, easy to use and integrate well into customer processes. Understanding these processes enables Beckman Coulter to produce total system solutions. Our total lab solutions streamline and expedite every step of lab procedures from ordering tests through sample collection, analysis, result reporting and data archiving.



Our approach to implementing laboratory solutions is tailored to each customer's needs to achieve truly efficient and cost-effective sample

analysis. We do this by integrating robotics, instruments, software, chemistries and reagents to make every step of the process flow with optimum speed, economy and efficiency.

Laboratory Automation is highly valuable in clinical labs, where the trend is to move to more testing on fewer instruments, which can dramatically lower labor costs. Consequently, these labs demand more automation and broader test menus, which Beckman Coulter offers in cellular analysis, routine chemistry and immunodiagnosics. Also, since more than half the labor in most clinical labs is used in the pre-analytical phase, Beckman Coulter is providing unique systems to automate sample preparation.

Beckman Coulter's innovative automation approaches link centrifugation, robotics and analysis. For sample processing, the company introduced the Power Processor. This system can sort, aliquot and centrifuge samples, even decapping the vials. In some configurations, the system places the samples directly on the routine chemistry or immunoassay system for analysis. For hematology automation, we offer the LH 1500. It completely automates the pre-analytical processes. Customers can start small with one system and add modules as business grows, or they can update instruments as technology changes.

Some hospital and reference lab customers are already moving toward Total Lab Automation (TLA). Beckman Coulter offers TLA to fully manage samples – from the moment they enter the lab to reporting of results and storage of sample for any additional testing necessary later on.

LABORATORY AUTOMATION - BIOMEDICAL RESEARCH

Automation also works well in biomedical research laboratories. In these labs, automated



liquid handling is vital, since researchers are constantly looking for ways to speed up their medical research, drug discovery or clinical research processes. Beckman Coulter is the leading supplier of liquid handling workstations

used in genomic, proteomic and cell-based Research and Development testing.

In liquid handling, Beckman Coulter manufactures the leading biorobotic workstations, the Biomek 2000, 3000, NX and FX platforms. They are used extensively in DNA preparation and many other vital research steps. Other key areas in liquid handling include drug discovery, high-throughput screening (HTS) and biodefence testing. In these markets, the company offers the Sagian Core System which integrates liquid handling, linear robotic movement and scheduling software to provide solutions for everything from plate replication to molecular biology. Beckman Coulter is one of the leaders in biorobotic automation, and is pursuing new markets in forensics and molecular pathology.



CLINICAL DIAGNOSTICS BUSINESS

Beckman Coulter provides a systems approach to improving total laboratory productivity. As a result, our company is a leading global supplier of systems for routine chemistry, immunodiagnosics and hematology testing. Together these systems provide a productivity powerhouse that serves 80% of the patient tubes, about 75% of a hospital lab's testing needs and nearly 100% of the routinely ordered blood tests.

ROUTINE CHEMISTRY

Routine chemistry tests can be performed individually or in panels. Commonly ordered panels include preset combinations of tests that indicates a patient's liver, kidney, heart or thyroid condition.



General chemistry panels are efficiently performed by the SYNCHRON® Family of analyzers that test blood, urine

and spinal fluid samples. Today's family of SYNCHRON CX® PRO analyzers performs 100 different chemistry tests and handle up to 900 tests per hour. These are used in small to medium-sized hospital labs to speed patient test results.

Very high-volume labs — those performing about 2 million tests a year — can benefit from the speed, accuracy and automation of the SYNCHRON LX® 20 AND LX®20 PRO Clinical Systems. These systems simplify and speed up the entire routine chemistry testing process for up to 95 analyses, performing up to 1440 tests per hour. Released in 2001, the new SYNCHRON LX® 20 PRO clinical system has cap piercing capabilities and an added detection method for increased testing sensitivity.

Late in 2002 Beckman Coulter introduced the SYNCHRON LXi clinical system. This combination chemistry and immunoassay system has a menu of more than 150 different tests, closed tube sampling and aliquoting. It is perfect for midsized hospitals that want to increase safety, decrease labor and improve the quality of test results.

In 2005, the company will introduce a new family of general chemistry analyzers under the UniCel® DxC brand.

IMMUNODIAGNOSTICS

Immunodiagnosics products are used to analyze many of the body's proteins, helping doctors to diagnose the condition of the human immune system. They are used for cancer, fertility, thyroid, anemia, infectious disease and cardiac testing. Beckman Coulter has significant expertise in the development of immunodiagnosics systems and reagents, with leading positions in protein analysis, electrophoresis and cancer markers. Market coverage extends from the traditional hospital laboratory to group practices and physicians' offices.

The IMAGE® Immunochemistry System offers protein testing for kidney damage, cardiovascular disease and rheumatoid arthritis. In addition, therapeutic drug testing is available for determining levels of antiarrhythmic medication and management of epilepsy.

The 1997 acquisition of the ACCESS® Immunoassay System from Sanofi Diagnostics Pasteur substantially increased our special chemistry test menu. The ACCESS includes nearly 60 (50 in the U.S.) high-sensitivity immunochemistry tests for detecting anomalies associated with cancer, infertility, cardiac and thyroid conditions, and infectious diseases. In 1999, the company added PSA and *free* PSA tests to the platform, making it possible for men who fit certain criteria to find out if a prostate tumor is cancerous or benign without undergoing a biopsy.



In 2001, the company introduced the Access2® Immunoassay System with improved user-interface and the ability to handle pediatric samples. The company also introduced a new troponin I cardiac test, the fastest, most sensitive test of its kind on the market. AccuTnI ® is especially useful to determine if patients have had a heart attack, when they arrive in the emergency room complaining of chest pain.



In 2003, the company leapfrogged the competition in the immunoassay market with the introduction of the UniCel® DxI™ 800 Access® immunoassay system. It has a full menu of Access-brand tests plus the highest throughput and lowest maintenance of any system on the market.

In 2003 and 2004, the company signed a number of agreements to increase the menu of immunoassay tests. As a result of an agreement with Biosite Incorporated, we manufacture and they market/sell an automated test for BNP on our installed base of systems. Agreements have also been signed with Hycor Biomedical Inc., Bio-Rad Laboratories, R&D Systems and R&D Antibodies.

Point-of-Care Testing

In addition to systems, Beckman Coulter carries a full line of diagnostic screening kits using propriety chemistries for dedicated single-use testing (e.g. colon cancer, ulcer disease, pregnancy and infectious disease tests). In fact, the Hemoccult® line of occult blood screening tests is the number one test used to detect signs of colon cancer in the world.

HEMATOLOGY

Every day, in thousands of labs around the world, Beckman Coulter hematology systems work to detect blood cell abnormalities, helping physicians prevent, diagnose and manage disease through blood cell analysis. These systems are often used to perform medicine's most requested test the complete blood count (CBC). The COULTER® LH 750 series hematology systems serve the need for large volume testing in hospital and reference laboratories. Introduced in November of 2003, the new COULTER® LH 500 hematology system is designed to fill the needs of the mid-range market. The COULTER Act™ Series of hematology systems are specially configured for use in emergency rooms, physicians' offices and group medical practices, where the volume is low and single samples are often processed.



BIOMEDICAL RESEARCH BUSINESS

CENTRIFUGATION & INSTRUMENT SYSTEMS

Beckman Coulter is the world's leading supplier of centrifuges and the technological leader in ultracentrifugation. Ongoing innovations in drive systems, cooling systems and rotor design keep our benchtop, high performance and ultracentrifuges on the cutting edge of this sample separation technology. Beckman Coulter's lines of centrifugation products include the Avanti® series high performance centrifuges, Optima™ ultracentrifuges and Allegra™ brand of bench top microfuges.



Besides centrifuges, Beckman Coulter has long been a supplier of general-purpose analytical systems for biological research. A leader in optics and detection methods, the company's reputation in capillary electrophoresis, spectrophotometry, scintillation counting, liquid chromatography and electrochemistry is renowned. In 2003, the company introduced a suite of products under the ProteomeLab initiative. The Proteome™ PF2D for protein fractionation and PA800 for protein characterization.

ROBOTIC AUTOMATION & GENETIC ANALYSIS

Robotic Automation

In 1986, the company introduced the Biomek® 1000 automated workstation. Soon the Biomek System was pegged as the preferred sample preparation tool for genetic studies. Today, the Biomek 2000, 3000, NX and FX workstations are dramatically increasing the speed and capabilities of pharmaceutical, biotechnology and clinical research.





Beckman's acquisition of the lab robotics division of Sagian, Inc. in late 1996, gave the company a product offering in high-throughput drug screening for pharmaceutical firms engaged in the race for new drugs. The SAGIAN™ Core systems helps biotechnology/pharmaceutical firms cut new drug time-to-market significantly, by processing assays 24-hours a day with tremendous speed and accuracy.

Today, one of the company's strategies in robotic automation is to enlarge the number of chemistries that run on its automation platforms. The company has signed distribution agreements with Promega and XTRANA for various DNA and cell analysis products that can be automated on Beckman Coulter systems. The company is also automating DNA, SNP and protein analysis through collaboration with Orchid, Promega, Third Wave, Sequenom, CIPHERgen and Qiagen.

One of the newest chemistry products for use on the Biomek system is the ProteomeLab™ A² MicroArray system. This is an "array within an array" that allows researchers to do multiplex testing, getting up to 10,000 test results in one microtiter plate.

Genetic Analysis

One of the first manufacturers of biotechnology instrumentation, Beckman Coulter today provides specialized systems for protein and DNA analysis. Our scientists are breaking new ground in sophisticated protein and DNA chemistries to speed the identification sequencing of these key molecules.



A pioneer in the automation of capillary electrophoresis (CE), today, Beckman Coulter has some of the most productive chemistries for DNA sequencing. In 1998, we introduced a CE-based DNA sequencer, called the CEQ™ 2000 DNA Analysis System, designed for use by individual researchers performing DNA-based research and drug discovery. The current systems can run 750 bases in only 100 minutes, outperforming all competitive instruments in the market segment. In 2002, the company introduced the CEQ™ 8000 genetic analysis system for broad DNA-based applications.

Late in 2002, the company acquired a SNP genotyping system from Orchid BioSciences for ultra high throughput SNP (mutation) analysis. The product was introduced as the GenomeLab™ SNPstream genotyping system in late 2003. It can process from 4,500 to 800,000 genotypes a day.

SPECIALTY TESTING

Specialty testing is often conducted in reference laboratories and university hospitals. Emerging technologies for diagnostic tests are used first in specialty testing labs before they gain FDA approval for routine patient care testing.

Leading the charge against life's most challenging diseases, Beckman Coulter features a full line of flow cytometry products that use laser technology, optics, electronics and computers to identify and monitor such illnesses as AIDS and leukemia. In fact, one of the most common applications is for the presence of and counting the number of CD4+ T-Cells — crucial information for HIV patients.

Applications for Coulter® Epics® and FC 500 lines of flow cytometry systems range from basic medical research to specialty testing to day-to-day diagnostics. Basic research and biopharma applications include immunology, cell function and physiology, cell cycle analysis, molecular biology, genetics, microbial and plant cell analysis. Clinical research and patient care applications include among others: CD4 enumeration, leukemia/lymphoma analysis, stem cell enumeration for bone marrow transplants and cross matching for solid organ transplants.



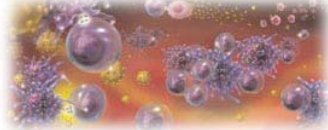
In 2002, the company introduced the Cytomics™ FC 500 flow cytometer with dual laser and five color detection for the clinical research market. In 2003, the company added the FC 500 MPL and CXP versions for research and clinical use, respectively.





In 2004, the company signed an agreement with PointCare Technologies to extend the company's role in AIDS monitoring with a small, portable device. We also signed an agreement with NPE Systems, Inc. for additional flow cytometry systems for the low-end market.

The company strategy is to take its technology and testing capabilities from the Patient Care and medical research business and move them into the Specialty Testing area. Potential candidates include capillary electrophoresis/DNA sequencing, robotic automation and the MHC Tetramer technology. A near-term example is the Vidiera™ product line to be shipped in 2005. This represents Beckman Coulter's first entry into the Molecular Pathology testing market. The Vidiera NsP will be for sample preparation and the Vidiera NsD will be for genetic analysis detection.



The company is also pursuing new areas of testing. In 2004, the company acquired the technology from InPro Biotechnology for BSE (mad cow) testing. The goal is to evaluate the technology for other prion-based tests for humans.

ACQUISITIONS, AGREEMENTS AND COLLABORATIONS

Since 1995, the company made eight acquisitions and completed a number of in-license or distribution agreements for new products and technology. The acquisition of Coulter, the rights to the ACCESS® Immunoassay System from Sanofi Diagnostics Pasteur in April 1997, and the acquisition of Hybritech Incorporated in January 1996 have resulted in one of the broadest product lines in the *in vitro* diagnostics (IVD) industry. In diagnostics, Beckman Coulter now holds top tier market leadership positions in clinical chemistry and hematology, with a solid position in immunoassay systems. In 2002, the company acquired the assets of Avocet, a small company with a device for the point-of-care monitoring of patients on blood thinners.

In the Biomedical Research areas, the company's approach going forward is to pursue bolt-on acquisitions and sign distribution agreements that leverage the worldwide infrastructure. Recent technology acquisitions include Q3DM, People's Genetics', SNPstream

(from Orchid) and Anthos Labtech. Companies with which we have R & D collaborations, manufacturing relationships or distribution agreements include:

- Affymetrix
- Amersham Pharmacia (GE)
- CRi
- CIPHERGEN
- EPROGEN
- ONCOTECH
- ORCHID
- PROMEGA
- SEQUENOM
- THIRD WAVE
- XTRANA
- QIAGEN
- ALTHEA

RESEARCH AND DEVELOPMENT STRATEGY

Our new product development flows from three sources: internal R & D programs; external collaborative efforts with academic institutions and technology companies; and techniques that are generated in customer laboratories. Our long-range research efforts are led by an Advanced Technology group investigating new innovations for use across the range of biomedical opportunities, while product development efforts are organized in two arenas — clinical diagnostics and biomedical research.

Advanced Technology

Our efforts in the advanced research area take a similar approach to that of pharmaceutical companies. We concentrate our efforts on a "virtual advanced technology" concept — leveraging R & D investments through collaboration with academia, government institutions and private industry. With a technology's viability and feasibility determined externally, the internal staff focuses on staging the technology for commercial use by the company's development centers.

Clinical Diagnostics Development

Development work in the clinical diagnostic chemistry area is targeted in five areas: clinical chemistry systems, laboratory automation, hematology, immunodiagnosics and primary care diagnostics. This covers a wide range of products— from fully automated laboratory systems to blood analyzers to point-of-care cancer screening tests.

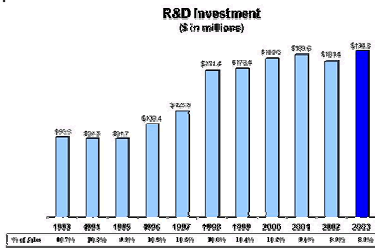


Biomedical Research Development

In biomedical research, Beckman Coulter is pursuing the emerging technology opportunities in molecular biology and pharmaceutical drug research, while enhancing our already strong product lines. Currently, our product development activities are divided into three areas: Systems Biology, Translational Solutions, and Centrifugation / Automation.

R&D INVESTMENT

Beckman Coulter is committed to investing in product development to maintain growth in its markets. In 2003, about 9% of sales was earmarked for R & D. In the overall category of new product development, about 70% of the total R & D investment is made in systems upgrades and expanding the menu of tests on already installed instruments. The other 30% is devoted to, "next generation" systems and new high potential product development.



Our scientists, engineers and support staff are skilled in a broad range of biomedical science and engineering disciplines — including chemistry: molecular biology: and chemical, electrical, mechanical, optical and software engineering. Consistent with our strategic direction, we are directing our R& D investment to provide new products for the exploding biotechnology and molecular biology area. Investment is being made specifically in biorobotics, DNA and protein-based technologies. In diagnostics, the drive for cost containment and lab productivity enhancements is creating a demand for workstation consolidation and automation, where the company is a recognized leader. Expanding test menus on existing systems is now the priority.

Overall, Beckman Coulter's R & D is working to expand test capability, increase test throughput and improve automation of the total sample-testing process.

ORGANIZATION

Workforce

As of December 31, 2003 Beckman Coulter employs approximately 9,882 employees worldwide. The company invests significantly in training and development for employees, especially in quality, safety, technology and other performance-based skills.

Employees by Category

Administration	15%
Manufacturing	27%
R & D	13%
Sales, Service & Marketing	45%
Distribution	

Worldwide Commercial Operations

Beckman Coulter maintains its own direct sales and service organizations in key markets throughout the world. While approximately 95% of our products are distributed through our sales groups, we also employ independent distributors to penetrate certain markets.



More than 1,100 representatives are technically trained and knowledgeable in the operation and application of Beckman Coulter's products. Beckman Coulter's sales force focuses on identifying customer solutions to the ever-increasing challenge for improved lab productivity.

The large field force of more than 2,200 engineering and service personnel perform service calls for instrument installation, customer training, preventive maintenance and repair. Beckman Coulter's excellent reputation for service responsiveness and competence is an important competitive asset.

Supporting our customer service and sales force is a staff of scientists and technical specialists for each major product line.



MANUFACTURING

Through the use of manufacturing methods such as Total Quality Management and Just-in-Time, Beckman Coulter products are designed for ease in manufacturability.

To augment this, partnerships with Beckman Coulter's key suppliers been in place for some time, and all of them have adapted programs in design, quality control and other cost reduction/control systems.

Since 1986, Beckman Coulter has pursued a program called Customer Driven Quality. This program measures customer satisfaction in a number of areas to improve design, manufacturing, testing, distribution and other processes. In addition, customers often visit company facilities to witness our quality initiatives in action and discuss their applications with our staff.

Manufacturing Locations

The majority of Beckman Coulter's manufacturing and assembly operations are located in California and Florida. In addition, we produce diagnostic reagents and other supplies in Galway, Ireland and Suzhou, China, for both logistic and cost advantages.

In a typical 12-month period, Beckman Coulter will manufacture more than 20,000 instrument systems, and 5 million reagent kits for worldwide distribution. All these products and accessories are produced under the highest quality standards.

Commitment to Quality

The company was among the first companies worldwide to achieve the foremost measure of international quality: certification to the ISO 9000 standards for quality. Additionally, most Beckman Coulter products carry the CE mark, signifying unified conformity and acceptance by nations of the European Union. Most recently, the company gained compliance to the European Union's InVitro Diagnostics Directive necessary to preserve the CE mark on its diagnostic products.

Distribution

Efficient worldwide distribution of our company's products provides optimal delivery schedules to meet the key customer service demands for cost-effective, on-time delivery. To achieve this goal and maintain competitive leadership worldwide, Beckman Coulter distribution facilities are centralized into key strategic locations. These distribution centers are supported by an emergency parts network system that guarantees worldwide 24-hour turnaround on urgent requests.

In the U.S., we also maintain distribution relationships. For Primary Care Diagnostic products, we have agreements with Allegiance, Fisher Healthcare, McKesson General Medical, Bergen Brunswig, PSS and Owens & Minor. For small life science research products and supplies, the company uses VWR.

In emerging markets and various international geographic locations, Beckman Coulter relies on relationships with dealers for distribution and a variety of other services.

COMPETITION

The laboratory instrument market is highly competitive, with many companies participating in one or more portions of the market.

Biomedical Research competitors:

- Agilent
- Amersham Pharmacia Biotech (GE)
- Applied Biosystems (ABI)
- Becton Dickinson
- Bio-Rad
- Hitachi
- Jouan
- Kendro Laboratory Products (SPX)
- Shimadzu
- Tecan
- Thermo
- Waters

Clinical Diagnostics competitors:

- Abbott Laboratories
- Bayer
- Dade Behring
- Diagnostic Products
- Johnson & Johnson
- Roche
- Sysmex (Division of TOA)



Competitiveness

Beckman Coulter competes primarily on the basis of laboratory efficiency, but quality, service, technology and price are also important. A large installed base of nearly 200,000 systems worldwide provides a competitive advantage in obtaining new system placements and after-market follow-on sales of operating supplies, chemistry kits and service.

BARRIERS TO ENTRY

The clinical diagnostics and life science research businesses have significant barriers to entry. A major barrier is the R & D investment and technical infrastructure required to develop these products, which require the integration of engineering, chemistry and software sciences. In addition, for diagnostics, FDA approvals must be obtained.

Finally, it is necessary to have an extensive worldwide distribution infrastructure with highly qualified personnel to provide sales, service, customer training and technical product support.