FORM 10-12G

Initial general form for registration of a class of securities pursuant to Section 12(g)

Filing Date: **2001-08-03**
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FILER

SERACARE LIFE SCIENCES INC
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As filed with the Securities and Exchange Commission on August __, 2001

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

SERACARE LIFE SCIENCES, INC.
(Exact name of registrant as specified in its charter)

California	33-0056054
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
1935 Avenida del Oro, Suite F Oceanside, California	92056
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (760) 806-8922

Securities to be registered pursuant to Section 12(b) of the Act: None

Securities to be registered pursuant to Section 12(g) of the Act:

Common Stock, no par value per share
(Title of Class)

SERACARE LIFE SCIENCES, INC.

INFORMATION INCLUDED IN INFORMATION STATEMENT
AND INCORPORATED IN FORM 10 BY REFERENCE

CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT
AND ITEMS OF FORM 10

<TABLE>
<CAPTION>

Item No.	Caption	Location in Information Statement
<S>	<C>	<C>
1.	Business	"Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Description of Our Business"
2.	Financial Information	"Management's Discussion and Analysis of

		Financial Condition and Results of Operations," "Selected Financial Data," and "Index to Our Financial Statements"
3.	Properties	"Our Business--Our Facilities"
4.	Security Ownership of Certain Beneficial Owners and Management	"Security Ownership of Certain Beneficial Owners and Management"
5.	Directors and Executive Officers	"Management" and "Liability and Indemnification of Our Officers and Directors"
6.	Executive Compensation	"Management"
7.	Certain Relationships and Related Transactions	"Summary," "Arrangements with SeraCare relating to the Spin-Off," and "Certain Relationships and Related Transactions"
8.	Legal Proceedings	"Description of Our Business--Legal Proceedings"
9.	Market Price of and Dividends on the Registrant's Common Equity and Related Stockholder Matters	"The Spin-Off--Listing and Trading of Our Common Stock"
10.	Recent Sales of Unregistered Securities	Not Included (see below)
11.	Description of Registrant's Securities to be Registered	"Description of Our Capital Stock"
12.	Indemnification of Directors and Officers	"Liability and Indemnification of Our Officers and Directors"
13.	Financial Statements and Supplementary Data	"Management's Discussion and Analysis of Financial Condition and Results of Operations," "Selected Financial Data," and "Index to Our Financial Statements"

14.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	Not applicable
15.	Financial Statements and Exhibits	"Index to Our Financial Statements" and "Index to Our Exhibits"

Item 10 Recent Sales of Unregistered Securities

None.

Item 15 Financial Statements and Exhibits

(a) Financial Statements filed as part of this Registration Statement

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Audited Financial Statements For fiscal years ending February 28, 2001, February 29, 2000, and February 28, 1999	
Statements of Operations	F-3
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Unaudited Financial Statements
For the three months ending May 31, 2001 and May 31, 2000

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(b) Exhibits

Exhibit Number	Description
3.1	Articles of Incorporation.
3.2	Amended and Restated Articles of Incorporation to be effective at the time of the spin-off.
3.3	Bylaws.
3.4	Amended and Restated Bylaws to be effective at the time of the spin-off.
10.1	Employment Agreement between American Blood Institute, Inc., Avre Inc., Binary Associates, Inc., and Jerry L. Burdick dated November 14, 1995.
10.1.1	Amendment to Employment Agreement dated January 12, 2001.
10.2	Employment Agreement between American Blood Institute, Inc., Avre Inc., Binary Associates, Inc., and Barry Plost dated February 5, 1996.
10.2.1	Amendment to Employment Agreement dated January 12, 2001.
10.3	Employment Agreement between SeraCare, Inc. and Michael F. Crowley II dated November 1, 2000.
10.4*	Albumin Supply Agreement with Instituto Grifols, S.A. dated June 22, 1999.
10.4.1	Amendment No. 1 dated June 10, 2001 to Albumin Supply Agreement dated June 22, 1999.
10.5*	Collaboration Agreement between Quest Diagnostics, Inc. and SeraCare, Inc. dated January 1, 2001.
10.6**	Agreement between AMPC, Inc, (n.k.a. Proliant) and SeraCare, Inc. dated October 1999.

10.7 Standard Industrial/Commercial Multi-Tennant Lease - Gross between Del Oro Gateway Partners, L.P. and The Western States Group, Inc., n/k/a SeraCare Life Sciences, Inc. dated as of April 16, 1998, and addendums thereto dated on or about October 12, 1998 and January 7, 1999.

10.7.1 Assignment and Assumption Agreement dated October 19, 1999 among Del Oro Gateway Partners, L.P. and Arthur Kazarian as Trustee for the General Wood Investment Trust.

10.8 Master Separation and Distribution Agreement between SeraCare, Inc. and SeraCare Life Sciences, Inc. dated June 10, 2001.

10.9 General Assignment and Assumption Agreement between SeraCare, Inc. and SeraCare Life Sciences, Inc. dated June 10, 2001.

10.10 Trademark License Agreement between SeraCare, Inc. and SeraCare Life Sciences, Inc. dated June 10, 2001.

10.11 Employee Matters Agreement between SeraCare, Inc. and SeraCare Life Sciences, Inc. dated June 10, 2001.

10.12 Tax Sharing Agreement between SeraCare, Inc. and SeraCare Life Sciences, Inc. dated June 10, 2001.

10.13 Supply and Services Agreement between SeraCare, Inc. and SeraCare Life Sciences, Inc. dated June 10, 2001.

99.1 SeraCare Life Sciences, Inc. Information Statement dated _____, 2001.

*Confidential Treatment Requested
** To be filed by amendment

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on August 3, 2001.

SERACARE LIFE SCIENCES, INC.

By: /s/ JERRY BURDICK

Name: Jerry Burdick
Title:Chief Financial Officer

INDEX OF EXHIBITS

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*Confidential Treatment Requested
** To be filed by amendment

EXHIBIT 3.1

ARTICLES OF INCORPORATION

OF

SOUTHWEST BIOLOGICAL SERVICES
WESTERN STATES PLASMA CO., INC.

I

The name of the corporation is SOUTHWEST BIOLOGICAL SERVICES WESTERN STATES PLASMA CO., INC.

II

The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

GARY R. KING 200 East Sandpointe, Suite 400
Santa Ana, California 92707

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is 100,000.

DATED: August 17, 1984

/s/ Michael F. Crowley

MICHAEL F. CROWLEY

I declare that I am the person who executed the forgoing Articles of Incorporaiton, which execution is my act and deed.

/s/ Michael F. Crowley

MICHAEL F. CROWLEY

Southwest Biological Services
Western States Plasma Co., Inc.

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

Michael F. Crowley and Mary A. Crowley certify that:

1. They are the president and secretary, respectively, of Southwest Biological Services Western States Plasma Co., Inc., California corporation.

2. Articles I of the articles of incorporation of this corporation is amended to read as follows:

   The name of the corporation is The Western States Group, Inc.

3. The foregoing amendment of articles of incorporation has been duly approved by the board of directors.

4. The foregoing amendment of articles of incorporation has been duly approved by the required vote of shareholders in accordance with Section 902 of the Corporations Code. The total number of outstanding shares of the corporation is 1,000. The number of shares voting in favor of the amendment equaled or exceeded the vote required. The percentage vote required was more than 50%.

We further declare under penalty of perjury under the laws of the State of California that matters set forth in this certificate are true and correct of our own knowledge.

DATE: June 17, 1993

/s/ Michael F. Crowley

Michael F. Crowley, President

/s/ Mary A. Crowley

Mary A. Crowley, Secretary

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
THE WESTERN STATES GROUP, INC.,
a California corporation

The undersigned certify that:

1. They are the president and the secretary, respectively, of The Western States Group, Inc., a California corporation.

2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

"Article I: The name of the corporation is "SeraCare Life Sciences, Inc."

3. The foregoing amendment of the Articles of Incorporation has been duly approved by the Board of Directors of this corporation.

4. The foregoing amendment of the Articles of Incorporation has been duly approved by the required vote of shareholders in accordance with Section 902, California Corporations Code. The total number of outstanding shares of this corporation is 1,000. The number of shares voting in favor of the amendment equaled 100% of the outstanding shares.

The undersigned further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: June 5, 2001

/s/ Michael Crowley Jr.

Michael F. Crowley, Jr.
President

_____
Jerry L. Burdick
Secretary

The undersigned further declare under penalty of perjury under the laws of the

State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: June 5, 2001

_____
Michael F. Crowley, Jr.
President

/s/ Jerry L. Burdick

Jerry L. Burdick
Secretary

EXHIBIT 3.2

AMENDED AND RESTATED

ARTICLES OF INCORPORATION

OF

SERACARE LIFE SCIENCES, INC.

Michael Crowley, Jr. and Jerry Burdick hereby certify that:

1. They are the President and Secretary, respectively, of SeraCare Life Sciences, Inc., a California corporation.

2. The Articles of Incorporation of this corporation are amended and restated in their entirety to read as follows:

"Name

One: The name of the corporation is:

SeraCare Life Sciences, Inc.

Purpose

Two: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Authorized Shares

Three: The corporation shall have authority to issue fifty million (50,000,000) shares of stock, consisting of twenty five million (25,000,000) shares of common stock, no par value per share (the "Common Stock"), and twenty five million (25,000,000) shares of preferred stock, no par value per share (the "Preferred Stock").

The Board of Directors is authorized to fix by resolution the designations, powers, preferences and relative, participating, optional or other special rights (including voting rights, if any, and conversion rights, if any), and qualifications, limitations or restrictions thereof, of any such series of Preferred Stock, and the

number of shares constituting any such series, or all or any of them; and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of such shares then outstanding. Except as otherwise provided (i) by law, (ii) by these Articles of Incorporation as amended from time to time, or (iii) by resolutions of the Board of Directors fixing the powers and preferences of any class or series of shares as to which the Board of

Directors has been expressly vested with authority to fix the powers and preferences, (a) the Common Stock shall possess the full voting power of the Corporation and (b) the number of authorized shares of any class or classes of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote.

No Cumulative Voting

Four: No holder of any class of stock of the corporation shall be entitled to cumulate votes at any election of directors of this corporation. This provision shall become effective only when this corporation becomes a listed corporation within the meaning of Section 301.5 of the California General Corporation Law.

Director Liability

Five: The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

Indemnification of Agents

Six: The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the General Corporation Law of California) to the fullest extent permissible under California law, in excess of that indemnification otherwise permitted by Section 317 of the General Corporation Law of California."

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the Board of Directors of this corporation.

4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of the shareholders of this corporation in accordance with Sections 902 and 903 of the General Corporation Law of California. The total number of outstanding shares of each class and series

entitled to vote with respect to the foregoing amendment and restatement of Articles of Incorporation was 1,000 shares of Common Stock. There are no shares outstanding of Preferred Stock of this corporation of any class or series. The number of shares voting in favor of the foregoing amendment and restatement equaled or exceeded the vote required. The percentage vote required was a majority of the outstanding shares of Common Stock and Preferred Stock voting together as a single class.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATED: _____, 2001

Michael Crowley III
President

Jerry Burdick
Secretary

EXHIBIT 3.3

B Y L A W S

Bylaws for the regulation, except as otherwise provided by statute or its Articles of Incorporation ("Articles"), of

The Western States Group, Inc.
(a California Corporation)

ARTICLE I.

MEETINGS OF SHAREHOLDERS

Section 1. ANNUAL MEETINGS. The annual meeting of shareholders shall be held between 30 and 120 days following the end of the fiscal year of the corporation and at such precise date and time and at such place as fixed by the resolution of the Board of Directors ("Board"). At such meeting, directors shall be elected, reports of the affairs of the corporation shall be considered, and any other business may be transacted which is within the powers of the shareholders.

Section 2. SPECIAL MEETINGS. Special meetings of the shareholders, for any purpose or purposes whatsoever, may be called at any time by the Board, the Chairman of the Board, the President, or by the holders of shares entitled to cast not less than 10% of the votes at the meeting or by such other persons as may be provided in the Articles or in these Bylaws.

Section 3. NOTICE. Written notice of each meeting shall be given to each shareholder entitled to vote, either personally or by mail or other means of written communication, charges prepaid, addressed to such shareholder at his address appearing on the books of the corporation or given by him to the corporation for the purpose of notice. If no such address appears or is given, notice shall be deemed to have been given to him if sent by trail or other means of written communication addressed to the place where the principal executive office of the corporation is situated, or by publication of notice at least once in some newspaper of general circulation in the county in which said office is located. All such notices shall be sent to each shareholder entitled thereto not less than 10 (or if sent by third-class mail, 30) nor more than 60 days before such meeting. Such notice shall specify the place, the date and the hour of such meeting.

In the case of a special meeting, the notice shall state the general nature of business to be transacted and no other business shall be transacted at such meeting.

In the case of an annual meeting, the notice shall state those matters which the Board, at the time of the mailing of the notice, intends to present for action by the shareholders. However, any proper matter may be presented at the meeting for action but action on the following matters shall be valid only if the general nature of the proposal so approved was stated in the notice of the meeting or in a written notice, unless the matter was unanimously approved by those entitled to vote:

(a) the approval of a contract or other transaction between the corporation and one or more of its directors or with any corporation, firm or association in which one or more of its directors has a material financial interest;

(b) an amendment to the Articles;

(c) a reorganization (as defined in (S)181 of the General Corporation Law) required to be approved by (S)1201 of the General Corporation Law;

(d) the voluntary winding up and dissolution of the corporation; or

(e) a plan of distribution under (S)2007 of the General Corporation Law in respect of a corporation in the process of winding up.

The notice of any meeting at which directors are to be elected shall include the names of the nominees intended at the time of the notice to be presented by the Board for election.

The notice shall state such other matters, if any, as may be expressly required by statute.

Section 4. ADJOURNED MEETING AND NOTICE THEREOF. When a shareholders' meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

Section 5. QUORUM. Unless otherwise provided in the Articles, the presence in person or by proxy of the persons entitled to vote a majority of the voting shares at any meeting shall constitute a quorum for the transaction of business. The shareholders present at a duly called or held meeting at which a quorum is

present may continue to transact business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum. In the absence of a quorum, any meeting of shareholders may be adjourned from time to time by the vote of a majority of the shares represented either in person or by proxy, but no other business may be transacted, except as provided above.

Section 6. CONSENT OF ABSENTEES. The transactions of any meeting of shareholders, however called and noticed and wherever held are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice, or a consent to the holding of the meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 7. ACTION WITHOUT MEETING. Unless otherwise provided in the Articles, any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so

taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted; provided, however, that:

(a) unless the consents of all shareholders entitled to vote have been solicited in writing, notice of any shareholder approval:

(1) of a contract or other transaction between the corporation and one or more of its directors or with any corporation, firm or association in which one or more of its directors has a material financial interest;

(2) of an indemnity pursuant to (S)317 of the General Corporation Law;

(3) of a reorganization (as defined in (S)181 of the General Corporation Law) required to be approved by (S)1201 of the General Corporation Law; or

(4) of a plan of distribution under (S)2007 of the General Corporation Law in respect of a corporation in the process of winding up, which approval was obtained without a meeting

by less than unanimous written consent, shall be given at least 10 days before the consummation of the action authorized by such approval; and

(b) prompt notice shall be given of the taking of any other corporate action approved by shareholders without a meeting by less than unanimous written consent, to those shareholders entitled to vote who have not consented in writing. Notice of such approval shall be given in the same manner as required by Article I, Section 3 of these Bylaws.

Any shareholder giving a written consent, or the shareholder's proxyholder or proxyholders, or a transferee of the shares, or a personal representative of the shareholder, or their respective proxyholder or proxyholders, may revoke the consent by a writing received by the corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the Secretary of the corporation, but may not do so thereafter. Such revocation is effective upon its receipt by the Secretary of the corporation.

Notwithstanding the above provisions, directors may not be elected by written consent except by unanimous written consent of all shares entitled to vote for the election of directors.

Section 8. RECORD DATES. For purposes of determining the shareholders
----
entitled to notice of any meeting or to vote or entitled to exercise any other rights, the Board may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days prior to the date of such meeting nor more than 60 days prior to any other action. If no record date is fixed by the Board:

(a) the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held;

(b) the record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board is necessary, shall be the day on which the first written consent is given; and

(c) the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later. A determination of shareholders of record entitled to notice of or

to vote at a meeting of shareholders shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting, but the Board shall fix a new record date if the meeting is adjourned for more than 45 days.

Section 9. PROXIES. Every person entitled to vote shares may authorize another person or persons to act by proxy with respect to such shares. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy continues in full force and effect until revoked as specified in (S)705(b) of the General Corporation Law or unless it states that it is irrevocable. A proxy which states that it is irrevocable is irrevocable for the period specified therein when it is held by a person specified in (S)705(e) of the General Corporation Law.

Section 10. VOTING; CUMULATIVE VOTING AND NOTICE THEREOF. Votes on any matter may be viva voce but shall be by ballot upon demand made by a shareholder at any election and before the voting begins. No shareholder shall be entitled to cumulate votes for election of directors (i.e., cast for any candidate for election as directors a number of votes greater than the number of votes which such shareholder normally is entitled to cast) unless such candidate or candidates' names have been placed in nomination prior to the voting and the shareholder has given notice at the meeting prior to the voting of the shareholder's intention to cumulate the shareholder's votes. If any one shareholder has given such notice, all shareholders may cumulate their votes for candidates in nomination. If cumulative voting is proper, every shareholder entitled to vote at any election of directors may cumulate such shareholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are normally entitled, or distribute the shareholder's votes on the same principle among as many candidates as the shareholder thinks fit. In any election of directors, the candidates receiving the highest number of affirmative votes of the shares entitled to be voted for them up to the number of directors to be elected by such shares are elected; votes against the director and votes withheld shall have no legal effect.

Except for election of directors, provided above, votes on other substantive and procedural matters shall be taken on the basis of one vote for each shares represented at the meeting.

Fractional shares shall not be entitled to any voting rights.

Section 11. CHAIRMAN OF MEETING. The Board may select any person to preside as Chairman of any meeting of shareholders, and if such person shall be absent from the meeting, or fail or be unable to preside, the Board may name any other person in substitution therefor as

Chairman. In the absence of an express selection by the Board of a Chairman or substitute therefor, the Chairman of the Board shall preside as Chairman. If the Chairman of the Board shall be absent, fail or be unable to preside, the President shall preside. If the President shall be absent, fail or be unable to preside the Vice President or Vice Presidents in order of their rank as fixed by the Board, the Secretary, or the Chief Financial Officer, shall preside as Chairman, in that order. The Chairman of the meeting shall designate a secretary for such meeting, who shall take and keep or cause to be taken and kept minutes of the proceedings thereof.

The conduct of all shareholders' meetings shall at all times be within the discretion of the Chairman of the meeting and shall be conducted under such rules as he may prescribe. The Chairman shall have the right and power to adjourn any meeting at any time, without a vote of the shares present in person or represented by proxy, if the Chairman shall determine such action to be in the best interests of the corporation and its shareholders.

Section 12. INSPECTORS OF ELECTION. In advance of any meeting of shareholders, the Board may appoint any persons other than nominees for office as inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any such persons fail to appear or refuse to act, the Chairman of any such meeting may, and on the request of any shareholder or his proxy shall, make such appointment at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares present in person or by proxy shall determine whether one or three inspectors are to be appointed.

The inspectors of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all shareholders.

If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all.

ARTICLE II.

DIRECTORS

Section 1. POWERS. Subject to any limitations in the Articles or these Bylaws and to any provision of the General Corporation Law relating to action required to be approved by the shareholders or by the outstanding shares, or by

less than a majority vote of a class or series of preferred shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the day-to-day operation of the business of the corporation to a management company or other person provided that the business and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board.

Section 2. NUMBER. The number of directors which shall constitute the whole board shall be not less than three (3) nor more than five (5), with the precise number of directors to be determined by the board from time to time. The initial number of directors of the corporation shall be four (4). After the issuance of shares, a Bylaw amendment specifying or changing a fixed number of directors or the maximum or minimum number of directors or changing from a fixed to a variable board or vice versa may only be adopted by approval of the outstanding shares; provided, however, that a Bylaw or amendment of the Articles reducing the fixed number or the minimum number of directors to a member less than five cannot be adopted if the votes cast against its adoption at a meeting or the shares not consenting in the case of action by written consent are equal to more than 16 2/3 percent of the outstanding shares entitled to vote.

Section 3. ELECTION AND TERM OF OFFICE. The directors shall be elected at each annual meeting of shareholders, and the directors may be elected at any special meeting of shareholders held for that purpose. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

Section 4. ORGANIZATION MEETING. Immediately following each annual meeting of shareholders the Board shall hold a regular meeting for the purpose of organization, election of officers, and the transaction of other business.

Section 5. REGULAR MEETINGS. Regular meetings of the Board shall be held at such times and places within or without the state as may be designated in the notice of the meeting or which are designated by resolution of the Board. In the absence of designation of place, regular meetings shall be held at the principal office of the corporation.

Section 6. SPECIAL MEETINGS. Special meetings of the Board for any purpose or purposes may be called at anytime by the Chairman of the Board, the President, or by any Vice President or the Secretary or any two directors. Special meetings of the Board may be held at such times and places within or without the state as may be designated in the notice of the meeting or which are designated by resolution of the Board.

Section 7. NOTICE OF MEETINGS. When notice of a meeting of the Board is required, at least four days notice by mail or 48 hours notice delivered personally or by telephone or telegraph shall be given to each director. Such notice need not specify the purpose of the meeting. Notice of a meeting need not be given to any director who signs a waiver of notice or consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 8. PARTICIPATION BY TELEPHONE. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting pursuant to this Section constitutes presence in person at such meeting.

Section 9. QUORUM. A majority of the authorized number of directors constitutes a quorum of the Board for the transaction of business. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place.

Section 10. VOTING. Every act or decision done or trade by a majority of the directors present at a meeting duly held at which a quorum is present is the act of the Board, subject to Section 9 of this Article and to:

(a) the provisions of (S)310 of the General Corporation Law regarding votes in respect of a contract or other transaction between the corporation and one or more of its directors or with any corporation, firm or association in which one or more of its directors has a material financial interest, and

(b) Corporation Law regarding votes in respect of indemnification of agents of the corporation who are members of the Board.

Section 11. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings

of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 12. RESIGNATION. Any director may resign effective upon giving written notice to the Chairman of the Board, the President, the Secretary or the Board of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Section 13. VACANCIES. Except for a vacancy created by the removal of a director, vacancies on the Board may be filled by the unanimous written consent of the directors then in office, the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with Section 307, or by a sole remaining director. Vacancies occurring in the Board by reason of the removal of directors may be filled only by approval of the shareholders. The shareholders may elect a director at any time to fill any vacancy not filled by the directors. Any such election by written consent other than to fill a vacancy created by removal requires the consent of a majority of the outstanding shares entitled to vote.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his term of office.

Section 14. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the

adjournment. Such notice need not comply with the time in which notice must be given prior to a meeting as required by Section 7 of Article II of the Bylaws, but should be given as far in advance as is reasonably practicable under all the circumstances existing at the time of adjournment.

Section 15. VISITORS. No person other than a director tray attend any meeting of the Board without the consent of a majority of the directors present; provided, however, that a representative of legal counsel for the corporation and a representative of the independent certified public accountant for the corporation may attend any such meeting upon the invitation of any director.

Section 16. FEES AND COMPENSATION. Directors and members of committees may receive such compensation for their services and such reimbursement for expenses

as may be fixed or determined by resolution of the Board.

Section 17. CODES. The Board may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the authorized directors. Any such committee, to the extent provided in the resolution of the Board or in the Bylaws, shall have all the authority of the Board, except with respect to:

(a) the approval of any action for which the General Corporation Law also requires shareholders' approval or approval of the outstanding shares;

(b) the filling of vacancies on the Board or in any committee;

(c) the fixing of compensation of the directors for serving on the Board or on any committee;

(d) the amendment or repeal of Bylaws or the adoption of new Bylaws;

(e) the amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;

(f) a distribution to the shareholders of the corporation (as defined in (S)166 of the General Corporation Law), except at a rate, in the periodic amount or within a price range set forth in the articles or determined by the Board; and

(g) the appointment of other committees of the Board or the members thereof.

ARTICLE III.

OFFICERS

Section 1. OFFICERS. The officers of the corporation shall be a Chairman of the Board or a President, or both, a Secretary and a Chief Financial Officer. The corporation may also have, at the discretion of the Board, one or more Vice Presidents, one or more Assistant Secretaries and Assistant Financial Officers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. One person may hold two or more offices.

Section 2. ELECTION. The officers of the corporation, except such officers

as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board, and each shall hold office until resignation or removal or other disqualification to serve, or the election of a successor.

Section 3. SUBORDINATE OFFICERS. The Board, the aims and the President shall each have the power to appoint such assistant vice presidents, assistant secretaries and assistant treasurers or financial officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the appointing officer or the Board may from time to time determine. In the case of subordinate officers appointed by the Chairman or the President, such appointment shall be reported to the Board at its next meeting, but the failure to so report shall not affect the validity of the appointment. The Board may remove any subordinate officer at any time.

Section 4. REMOVAL AND RESIGNATION. Any officer may be removed, either with or without cause, by action of the Board duly taken, or, except in case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the corporation, to the attention of the Secretary. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. VACANCIES. A vacancy in any office shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 6. CHAIRMAN OF THE BOARD. The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board, cause minutes thereof to be taken, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board or prescribed by the Bylaws. In the event the corporation shall not have an elected President, the Chairman of the Board shall also have the authority and perform the duties as provided for the President in the following Section of this Article.

Section 7. PRESIDENT. Subject to such supervisory powers, if any, as may be given by the Board to the Chairman of the Board, if there is such an officer, the President shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board, have general supervision, direction and control of the business and affairs of the corporation., In the absence of the Chairman of the Board, or if there is none, the President shall preside at all

meetings of the

Board. He shall be ex officio a member of all the standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board or the Bylaws.

Section 8. EXECUTIVE VICE PRESIDENT. In the absence or disability of the President, the Executive Vice Presidents, if there shall be such officers designated by the Board, shall, in order of their rank as fixed by the Board or, if not ranked, the Executive Vice President designated by the Board, shall perform all the duties of the President, or if there be none, the Chairman of the Board, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President or Chairman of the Board. The Executive Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for each of them by the Board or the Bylaws.

Section 9. VICE PRESIDENT. In the absence or disability of the President and the Executive Vice President, the Vice Presidents in order of their rank as fixed by the Board or, if not ranked, the Vice President designated by the Board, shall perform all the duties of the President, or, if there be none, the Chairman of the Board, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the President or Chairman of the Board. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for each of them by the Board or the Bylaws.

Section 10. SECRETARY. The Secretary shall keep or cause to be kept at the principal executive office a book of minutes of all meetings and consents to action without a meeting of directors, committees and shareholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at directors' and committee meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, a record of its shareholders showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings

of the shareholders and of the Board required by the Bylaws or by law to be given.

The Secretary shall .keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board or by the Bylaws.

Section 11. CHIEF FINANCIAL OFFICER. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, including changes in financial position, accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and shares. Any surplus shall be classified according to source and shown in a separate account.

The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the Board. He shall disburse the funds of the corporation as may be ordered by the Board or by any officer having authority therefor, shall render to the President and directors, whenever they request it, an account of all of his transactions and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

ARTICLE IV.

MISCELLANEOUS

Section 1. LOANS TO OR GUARANTIES FOR THE BENEFIT OF OFFICERS OR DIRECTORS; LOANS UPON THE SECURITY OF SHARES OF THE CORPORATION.

(a) Except as expressly provided in subsection (b) hereof, the corporation shall not make any loan of money or property to or guarantee the obligation of:

(1) any director or officer of the corporation or of its parent, or

(2) any person upon the security of shares of the corporation or of its parent, unless the loan or guaranty is otherwise adequately secured, or unless approved by the vote of the holders of a majority of the shares of all classes, regardless of limitations or restrictions on voting rights, other than shares held by the benefited director, officer or shareholder.

(b) Upon consent of the Board of Directors, the corporation may lend

money to, or guarantee any obligation of any officer or other employee of the corporation or of any subsidiary, including any officer or employee who is also a director, pursuant to an employee benefit plan (including, without limitation, any stock purchase or stock option plan) available to executives or other employees, whenever the Board determines that such loan or guaranty may reasonably be expected to benefit the corporation. If such plan includes officers or directors, it shall be approved by the shareholders after disclosure of the right under such plan to include officers or directors thereunder. A loan or guaranty under this subdivision may be with or without interest and may be unsecured or secured in such manner as the Board shall approve, including, without limitation, a pledge of shares of the corporation. The corporation may advance money to a director or officer of the corporation or of its parent or any subsidiary for expenses reasonably anticipated to be incurred in the performance of the duties of such director or officer, provided that in the absence of such advance such director or officer would be entitled to be reimbursed for such expenses by such corporation, its parent or any subsidiary.

Section 2. RECORD DATE AND CLOSING STOCK BOOKS. When a record date is fixed, only shareholders of record on that date are entitled to notice of and to vote at the meeting or to receive a dividend, distribution, or allotment of rights, or to exercise the rights, as the case

may be, notwithstanding any transfer of any shares on the books of the corporation after the record date.

The Board may close the books of the corporation, against transfers of shares during the whole or any part of a period not more than 60 days prior to the date of a shareholders' meeting, the date when the right to any dividend, distribution, or allotment of rights vests, or the effective date of any change, conversion or exchange of shares.

Section 3. INSPECTION OF CORPORATE RECORDS. The record of shareholders, the accounting books and records of the corporation, and minutes of proceedings of the shareholders, the Board and committees of the Board shall be open to inspection upon the written demand of any shareholder or holder of a voting trust certificate, at any time during usual business hours for a purpose reasonably related to his interests as a shareholder or as the holder of a voting trust certificate. Such inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts. Demand of inspection shall be made in writing upon the corporation to the attention of the Secretary.

A shareholder or shareholders holding at least five percent in the aggregate of the outstanding voting shares of the corporation or who hold at least one percent of such voting shares and have filed a Schedule 14-B with the United States Securities and Exchange Commission relating to the election of directors of the corporation shall have an absolute right to access to a list of shareholders as provided in (S)1600(x) of the General Corporation Law.

Section 4. WAIVER OF ANNUAL REPORT. The annual report to shareholders referred to in Section 1501 of the General Corporation Law is expressly waived, but nothing herein shall be interpreted as prohibiting the Board from issuing annual or other periodic reports to the shareholders of the corporation as they deem appropriate.

Section 5. EXECUTION OF CONTRACTS. Any contract or other instrument in writing entered into by the corporation, when signed by the Chairman of the Board, the President or any Vice President and the Secretary, any Assistant Secretary, the Chief Financial Officer or any Assistant Financial Officer is not invalidated as to the corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other party to the contract or other instrument that the signing officers had no authority to execute the same. Contracts or other instruments in writing made in the name of the corporation which are authorized or ratified by the Board, or are done within the scope of authority, actual or apparent, conferred by the Board or within the agency power of the officer executing it, bind the corporation.

Section 6. SHARE CERTIFICATES. A certificate or certificates for shares of the capital stock of the corporation shall be issued to each shareholder when any such shares are fully paid. Every shareholder in the corporation shall be entitled to have a certificate signed in the name of the corporation by the Chairman of the Board or the President or a Vice President and by the Chief Financial Officer or an Assistant Financial Officer or the Secretary or any Assistant Secretary, certifying the number of shares and the class or series of shares owned by the shareholders. Any or all of the signatures on the certificate may be facsimile.

The corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. On the certificates issued to represent any partly paid shares or, for uncertificated securities, on the initial transaction statement for such partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated.

No new certificate for shares shall be issued in lieu of an old certificate unless the latter is surrendered and canceled at the same time; provided, however, that a new certificate may be issued without the surrender and

cancellation of the old certificate if:

(a) the old certificate is lost, stolen or destroyed;

(b) the request for the issuance of the new certificate is made within a reasonable time after the owner of the old certificate has notice of its loss, destruction, or theft;

(c) the request for the issuance of a new certificate is made prior to the receipt of notice by the corporation that the old certificate has been acquired by a bona fide purchaser; and

(d) the owner satisfies any other reasonable requirements imposed by the corporation including, at the election of the Board, the filing of sufficient indemnity bond or undertaking with the corporation or its transfer agent. In the event of the issuance of a new certificate, the rights and liabilities of the corporation, and of the holders of the old and new certificates, shall be governed by the provisions of (S)(S)8104 and 8405 of the California Commercial Code.

Section 7. REPRESENTATION OF SECURITIES OF OTHERS. Unless otherwise determined by the Board or the Executive Committee, the President, or any other officer of the corporation designated in writing by the President, is authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all securities of any other person or entity standing in the name of the corporation. The authority herein granted may be exercised either in person, or by proxy.

Section 8. INSPECTION OF BYLAWS. The corporation shall keep in its principal executive or business office in this state, the original or a copy of its Bylaws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours.

Section 9. EMPLOYEE STOCK PURCHASE AND OPTION PLANS. The corporation may adopt and carry out a stock purchase plan or agreement or stock option plan or agreement providing for the issue and sale for such consideration as may be fixed of its unissued shares, or of issued shares acquired or to be acquired, to one or more of the employees or directors of the corporation or of a subsidiary or parent thereof or to a trustee on their behalf and for the payment for such shares in installments or at one time, and may provide for aiding any such persons in paying for such shares by compensation for services rendered, promissory notes or otherwise.

A stock purchase plan or agreement or stock option plan or agreement may include, among other features, the fixing of eligibility for participation therein, the class and price of shares to be issued or sold under the plan or agreement, the number of shares which may be

subscribed for, the method of payment therefor, the reservation of title until full payment therefor, the effect of the termination of employment, an option or obligation on the part of the corporation to repurchase the shares upon termination of employment, subject to the provisions of Chapter 5 of the California Corporations Code, restrictions upon transfer of the shares and the time limits of and termination of the plan.

Section 10. CONSTRUCTION AND DEFINITIONS. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the California General Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person.

Section 11. INDEMNIFICATION OF CORPORATE AGENTS. The corporation is authorized to provide indemnification of its agents (as defined in Section 317(a) of the California Corporations Code) to the fullest extent permissible under California law through bylaw provisions, agreements with its agents, vote of the shareholders or disinterested directors, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code. This corporation is further authorized to provide insurance for agents as set forth in Section 317 of the California Corporations Code.

Section 12. LIABILITY OF DIRECTORS. The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law. Any repeal or modification of the foregoing provisions of Sections 11 and 12 hereof by the shareholders of this corporation shall not adversely affect any right or protection of an agent of this corporation existing at the time of such repeal or modification.

Section 13. ANNUAL STATEMENT OF GENERAL INFORMATION. The corporation shall file each year with the Secretary of State of the State of California, on the prescribed form, a statement setting forth the number of vacancies on the Board, if any, the names and complete business or residence addresses of all incumbent directors, the Chief Executive Officer, Secretary and Chief Financial Officer, the street address of its principal executive office or principal business office in this state and the general type of business constituting the principal business activity of the corporation, together with a designation of the agent of the corporation for the purpose of service of process, all in compliance with Section 1502 of the Corporations Code of California.

Section 14. CHECKS, DRAFTS, EVIDENCES OF INDEBTEDNESS. All checks, drafts or

other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

ARTICLE V.

AMENDMENTS TO BYLAWS

Section 1. POWER OF SHAREHOLDERS. New Bylaws may be adopted or these Bylaws may be amended or repealed by the vote or written consent of shareholders entitled to exercise a majority of the voting power of the corporation.

Section 2. POWER OF DIRECTORS. Subject to the right of shareholders as provided in Section 1 of this Article to adopt, amend or repeal Bylaws, Bylaws may be adopted, amended or repealed by the Board provided, however, that after the issuance of shares a Bylaw specifying or changing a fixed number of directors or the maximum or minimum number or changing from a fixed to a variable Board or vice versa may only be adopted by the vote or written consent of shareholders entitled to exercise a majority of the voting power of the corporation.

CERTIFICATE OF SECRETARY

I certify:

That I am the duly elected and acting Secretary of The Western States Group, Inc., a California corporation; and

That the foregoing Bylaws, comprising 23 pages, constitute the Bylaws of such corporation on the date hereof.

IN WITNESS WHEREOF, I have executed this Certificate and affixed the seal of such corporation on the 11th day of February, 1998.

/s/ Michael F. Crowley

Michael F. Crowley, Secretary

[SEAL]

EXHIBIT 3.4

AMENDED AND RESTATED
BYLAWS
SERACARE LIFE SCIENCES, INC.
a California corporation

ARTICLE I

Offices

Section 1. Principal Executive Office. The principal executive office of the corporation is hereby fixed and located at 1935 Avenida del Oro, Suite F, Oceanside, California. The Board of Directors is hereby granted full power and authority to change the principal executive office from one location to another. Any such change shall be noted on the Bylaws by the secretary, opposite this section, or this section may be amended to state the new location.

Section 2. Other Offices. Other business offices may at any time be established by the Board of Directors at any place or places where the corporation is qualified to do business.

ARTICLE II

Meetings of Shareholders

Section 1. Place of Meetings. All annual or other meetings of shareholders shall be held at the principal executive office of the corporation, or at any other place within or without the State of California which may be designated by the Board of Directors.

Section 2. Annual Meetings. The annual meetings of shareholders shall be held on such dates and at such times as shall be designated by the Board of Directors and stated in the notice of the meeting given to each shareholder as provided below. At such meetings, directors shall be elected, reports of the affairs of the corporation shall be considered, and any other business may be transacted which is within the powers of the shareholders. Written notice of each annual meeting shall be given to each shareholder entitled to vote, either personally or by mail or other means of written communication, charges prepaid, addressed to such shareholder at its address appearing on the books of the corporation or given to the corporation for the purpose of notice. If any notice or report addressed to the shareholder at the address of such shareholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to

indicate that the United States Postal Service is unable to deliver the notice or report to the shareholder at such address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the shareholder upon written demand of the shareholder at the principal executive office of the corporation for a period of one year from the date of the giving of the notice or report to all other shareholders. If a shareholder gives no address, notice shall be deemed to have been given if sent by mail or other means of written communication addressed to the place where the principal executive office of the corporation is situated, or if published at least once in some newspaper of general circulation in the county in which the principal executive office is located.

All such notices shall be given to each shareholder entitled thereto not less than ten (10) days nor more than sixty (60) days before each annual meeting. Any such notice shall be deemed to have been given at the time when delivered personally of deposited in the mail or sent by other means of written communication. An affidavit of mailing of any such notice in accordance with the foregoing provisions, executed by the secretary, assistant secretary or any transfer agent of the corporation, shall be prima facie evidence of the giving of the notice.

Such notices shall specify:

(a) the place, the date, and the hour of such meeting;

(b) those matters which the Board, at the time of the mailing of the notice, intends to present for action by the shareholders at the meeting;

(c) if directors are to be elected, the names of nominees intended at the time of the notice to be presented by management for election;

(d) the general nature of a proposal, if any, to take action with respect to approval of (i) a contract or other transaction with an interested director, (ii) amendment of the Articles of Incorporation, (iii) a reorganization of the corporation as defined in Section 181 of the California General Corporation Law, (iv) voluntary dissolution of the corporation, or (v) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, if any; and

(e) such other matters, if any, as may be expressly required by statute.

Section 3. Special Meetings. Special meetings of the shareholders
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for the purpose of taking any action permitted by the shareholders under the General Corporation Law and the Articles of Incorporation of this corporation, may be called at any time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or President, or by one or more shareholders

entitled to cast not less than ten percent (10%) of the votes at the meeting. Upon request in writing that a special meeting of shareholders be called for any proper purpose, directed to the chairman of the Board, president, vice president or secretary by any person (other than the Board) entitled to call a special meeting of shareholders, the officer forthwith shall cause notice to be given to shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than sixty (60) days after receipt of the request. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for the annual meeting of shareholders. In addition to the matters required by items (a) and, if applicable, (c) of the preceding Section, notice of any special meeting shall specify the general nature of the business to be transacted, and no other business may be transacted at such meeting.

Section 4. Quorum. The presence in person or by proxy of the persons entitled to vote a majority of the shares at any meeting shall constitute a quorum for the transaction of business at that meeting. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

Section 5. Adjourned Meeting and Notice Thereof. Any shareholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of the shares, the holders of which are either present in person or by proxy thereat, but in the absence of a quorum no other business may be transacted at such meeting, except as provided in Section 4 above. When any shareholders' meeting, either annual or special, is adjourned for forty-five days or more, or if after adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as provided above, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement of the time and place of the adjourned meeting at the meeting at which the adjournment is taken.

Section 6. Voting. Unless a record date for voting purposes be fixed as provided in Section 1 of Article V of these Bylaws, then, subject to the provisions of Sections 702 and 704, inclusive, of the Corporations Code of California (relating to voting of shares held by a fiduciary, in the name of a corporation, or in joint ownership) only persons in whose names shares entitled to vote stand on the stock records of the corporation at the close of business on the business day next preceding the day on which notice of the meeting is

given or if such notice is waived, at the close of business on the business day next preceding the day on which the meeting of shareholders is held, shall be entitled to vote at such meeting, and such day shall be the record date for such meeting. Such vote may be viva voce or by ballot; provided, however, that all elections for directors must be by ballot upon demand made by a shareholder at any election and before the voting begins. If a quorum is present, except with respect to election of directors, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on any matter shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the General Corporation Law or the Articles of Incorporation.

Section 7. No Cumulative Voting. No holder of any class of stock of this corporation shall be entitled to cumulate votes at any election of directors of this corporation. This provision shall become effective only when this corporation becomes a listed corporation within the meaning of Section 301.5 of the California General Corporation Law.

Section 8. Validation of Defective Called or Noticed Meetings. The transactions of any meeting of shareholders, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, whether before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, or who, though present, has, at the beginning of the meeting, properly objected to the transaction of any business thereat because the meeting was not lawfully called or convened, or to particular matters of business legally required to be included in the notice, but not so included, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 9. Proxies. Every person entitled to vote shall have the right to do so whether in person or by one or more agents authorized by a written proxy executed by such person or such person's duly authorized agent and filed with the secretary of the corporation. Any proxy duly executed is not revoked and continues in full force and effect until (i) an

instrument revoking it or a duly executed proxy bearing a later date is filed with the secretary of the corporation prior to the vote pursuant thereto, (ii) the person executing the proxy attends the meeting and votes in person, or (iii) written notice of the death or incapacity of the maker of the proxy is received by the corporation before the vote pursuant thereto is counted; provided that no proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specifies therein the length of

time for which such proxy is to continue in force.

Section 10. Inspectors of Election. In advance of any meeting of shareholders, the Board of Directors may appoint any person other than nominees for office as inspectors of election to act at such meeting or any adjournment thereof. If inspectors of election be not so appointed, the chairman of any such meeting may, on the request of any shareholder or its proxy, shall make such appointment at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares represented in person or by proxy shall determine whether one or three inspectors are to be appointed. In case any person appointed as inspector fails to appear or fails or refuses to act, the vacancy may, and on the request of any shareholder or a shareholder's proxy shall, be filled by appointment by the Board of Directors in advance of the meeting, or at the meeting by the chairman of the meeting.

The duties of such inspectors shall be as prescribed by Section 707 of the General Corporation Law and shall include determining the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies; receiving votes or ballots; hearing and determining all challenges and questions in any way arising in connection with the right to vote; counting and tabulating all votes; determining when the polls close; determining the result; and such acts as may be proper to conduct the election or vote with fairness to all shareholders. In the determination of the validity and effect of proxies, the dates contained on the forms of proxy shall presumptively determine the order of execution of the proxies, regardless of the postmark dates on the envelopes in which they are mailed.

The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there be three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

Section 11. Notice of Business. At any meeting of shareholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the Board of Directors, (b) in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or (c) by any shareholder of the corporation who was a shareholder of record at the time of giving of notice provided for in this bylaw, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this bylaw. For business to be properly brought before a meeting by a shareholder pursuant to clause (c) of this bylaw, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation and such other business must otherwise be a proper matter for shareholder action. To be timely, a shareholder's notice shall be delivered to the

Secretary at the principal executive offices of the Corporation not later than the close of business on the 60th day nor earlier than the close of business on the 90th day prior to the meeting; provided, however, that if less than 70 days' notice of the date of the meeting is given by the corporation, notice by the shareholder to be timely must be so delivered no later than the 10th day following the day on which public announcement of the date of such meeting is first made by the corporation. In no event shall the public announcement of an adjournment of a meeting commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth (i) as to any business that the shareholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such shareholder and the beneficial owner, if any, on whose behalf the proposal is made; and (ii) as to the shareholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made (x) the name and address of such shareholder, as they appear on the corporation's books, and of such beneficial owner and (y) the class and number of shares of stock of the corporation which are owned beneficially and of record by such shareholder and such beneficial owner. If notice has not been given pursuant to this Section, the chairman of the meeting may declare to the meeting that the proposed business was not properly brought before the meeting, and such business may not be transacted at the meeting. The foregoing provisions of this Section do not relieve any shareholder of any obligation to comply with all applicable requirements of the Exchange Act and rules and regulations thereunder. For purposes of these bylaws, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Section 12. Nomination of Directors. At any meeting of shareholders, a person may be a candidate for election to the Board only if such person is nominated (a) by or at the direction of the Board, (b) by any nominating committee or person appointed by the Board, or (c) by a shareholder of record entitled to vote at such meeting who complies with the notice procedures set forth in this Section and has given timely notice of such nomination in writing to the Secretary of the corporation. To be timely, a shareholder's notice shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the 60th day nor earlier than the close of business on the 90th day prior to the meeting; provided, however, that if less than 70 days notice of the date of the meeting is given by the corporation, notice by the shareholder to be timely must be so delivered no later than the 10th day following the day on which public announcement of the

date of such meeting is first made by the corporation. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a shareholder's notice as described above. Such shareholder's notice shall set forth as to each person whom the shareholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act and Rule 14a-11 thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected). The corporation may require such other information to be furnished respecting any proposed nominee as may be reasonably necessary to determine whether the proposed nominee has, or represents, interests which are opposed to or in conflict with the interests of the corporation. No person

shall be eligible for election as a director at any meeting unless nominated in accordance with this Section.

ARTICLE III

Directors

Section 1. Powers. Subject to limitations of the Articles of Incorporation and the California General Corporation Law as to action to be authorized or approved by the shareholders, and subject to the duties of directors as prescribed by these Bylaws, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be controlled by, the Board of Directors. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the directors shall have the following powers, to wit:

First - To select and remove all the officers, agents and employees of the corporation, prescribe such powers and duties for them as may not be inconsistent with law, with the Articles of Incorporation or these Bylaws, fix their compensation and require from them security for faithful service.

Second - To conduct, manage and control the affairs and business of the corporation, and to make such rules and regulations therefor not inconsistent with law, or with the Articles of Incorporation or these Bylaws, as they may deem best.

Third - To change the principal executive office and principal office for the transaction of business of the corporation from one location to another as provided in Article I, Section 1, hereof; to fix and locate from time to time

one or more subsidiary offices of the corporation within or without the State of California, as provided in Article I, Section 2, hereof; to designate any place within or without the State of California for the holding of any shareholders' meeting or meetings; and to adopt, make and use a corporate seal, and to prescribe the forms of certificates of stock, and to alter the form of such seal and of such certificates from time to time, as in their judgment they may deem best, provided such seal and such certificates shall at all times comply with the provisions of law.

Fourth - To authorize the issue of shares of stock of the corporation from time to time, upon such terms as may be lawful.

Fifth - To borrow money and incur indebtedness for the purposes of the corporation, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor.

Sixth - By resolution adopted by a majority of the authorized number of directors, to designate an executive and other committees, each consisting of two or more directors, to serve at the pleasure of the Board, and to prescribe the manner in which proceedings of such committees shall be conducted. Unless the Board of Directors shall otherwise prescribe the manner of proceedings of any such committee, meetings of such committee may be regularly scheduled in advance and may be called at any time by any two members thereof; otherwise, the

provisions of these Bylaws with respect to notice and conduct of meetings of the Board shall govern. Any such committee, to the extent provided in a resolution of the Board, shall have all of the authority of the Board, except with respect to:

(i) the approval of any action for which the General Corporation Law or the Articles of Incorporation also require shareholder approval;

(ii) the filling of vacancies on the Board or in any committee;

(iii) the fixing of compensation of the directors for serving on the Board or on any committee;

(iv) the adoption, amendment or repeal of bylaws;

(v) the amendment or repeal of any resolution of the Board;

(vi) any distribution to the shareholders, except at a rate or in a periodic amount or within a price range determined by the Board;

(vii) the appointment of other committees of the Board or the members thereof.

Section 2. Number and Qualification of Directors. The authorized number of directors shall be not less than five (5) nor more than nine (9) until changed by Amendment of the Articles of Incorporation or by a Bylaw duly adopted by approval of the outstanding shares. The exact number of directors shall be fixed, within the limits specified, by amendment of the next sentence duly adopted either by the Board of Directors or the shareholders. The exact number of directors shall be six (7) until changed as provided in this Section 2.

Section 3. Vacancies. A vacancy in the Board of Directors shall be deemed to exist in the case of the death, resignation or removal of any director, if a director has been declared of unsound mind by order of court or convicted of a felony, if the authorized number of directors be increased, or if the shareholders fail, at any annual or special meeting of shareholders at which any director or directors are elected, to elect the full authorized number of directors to be voted for at that meeting. No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of his or her term of office.

Subject to any provision contained in the Articles of Incorporation, vacancies in the Board of Directors, except for a vacancy created by the removal of a director, may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director; and each director so elected shall hold office until his or her successor is elected at an annual or special meeting of the shareholders. Subject to any provision contained in the Articles of Incorporation, a vacancy in the Board of Directors created by the removal of a director may only be filled by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present.

Subject to any provision contained in the Articles of Incorporation, the shareholders may elect a director or directors at any time to fill any vacancy or vacancies not

filled by the directors. Any such election shall require the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present.

Any director may resign effective upon giving written notice to the chairman of the Board, the president, the secretary of the Board or the Board of Directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the Board of Directors accepts the resignation of a director tendered to take effect at a future time, the Board or, subject to any provision contained in the Articles of Incorporation, the

shareholders shall have the power to elect a successor to take office when the resignation is to become effective.

Section 4. Place of Meeting. Regular meetings of the Board of Directors shall be held at any place within or without the State of California which has been designated from time to time by resolution of the Board or by written consent of all members of the Board. In the absence of such designation, regular meetings shall be hold at the principal executive office of the corporation. Special meetings of the Board may be held either at a place so designated or at the principal executive office of the corporation.

Section 5. Organization Meeting. Immediately following each annual meeting of shareholders, the Board of Directors shall hold a regular meeting at the place of said annual meeting or at such other place as shall be fixed by the Board, for the purpose of organization of the newly elected Board, election of officers, and the transaction of other business. Call and notice of such meetings are hereby dispensed with.

Section 6. Other Regular Meetings. Other regular meetings of the Board of Directors shall be held without call as provided in a resolution adopted by the Board from time to time; provided, however, should said day fall upon a legal holiday, then said meeting shall be held at the same time on the next day thereafter ensuing which is a full business day. Notice of all such regular meetings of the Board of Directors is hereby dispensed with.

Section 7. Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the chairman of the Board, the president, any vice president or the secretary, or by any two directors, or by one or more shareholders holding not less than 25% of any series of Preferred Stock of the corporation.

Written notice of the time and place of special meetings shall be delivered personally to each director or communicated to each director by telephone or by telegraph or mail, charges prepaid, addressed to him or her at his or her address as it is shown upon the records of the corporation or, if it is not so shown on such records or is not readily ascertainable, at the place at which meetings of the directors are regularly held. In case such notice is mailed or telegraphed, it shall be deposited in the United States mail or delivered to the telegraph company in the place in which the principal executive office of the corporation is located at least forty-eight (48) hours prior to the time of the holding of the meeting. In case such notice is delivered, personally or by telephone, as above provided, it shall be so delivered at least twenty-four (24) hours prior to the time of the holding of the meeting. Such mailing, telegraphing or delivery, personally or by telephone, as above provided, shall be due, legal and personal notice to each such director.

Section 8. Action Without a Meeting. Any action by the Board of Directors may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as a unanimous vote of such directors at a meeting duly called and held.

Section 9. Action at a Meeting: Quorum and Required Vote. Presence of a majority of the authorized number of directors at a meeting of the Board of Directors constitutes a quorum for the transaction of business, except as hereinafter provided. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another. Participation in a meeting as permitted in the preceding sentence constitutes presence in person at such meeting.

Every act or decision done or made by a majority of the directors at a meeting duly hold at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number, or the same number after disqualifying one or more directors from voting, is required by law, by the Articles of Incorporation, or by these Bylaws. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, provided that any action taken is approved by at least a majority of the required quorum for such meeting.

Section 10. Validation of Defectively Called or Noticed Meetings. The transactions of any meeting of the Board of Directors, however called or noticed or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the directors not present or who, though present, has, prior to the meeting or at its commencement, protested the lack of proper notice, signs a written waiver of notice or a consent to holding such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 11. Adjournment. A quorum of the directors may adjourn any directors' meeting to meet again at a stated day and hour; provided, however, that in the absence of a quorum a majority of the directors present at any directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

Section 12. Notice of Adjournment. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors

who were not present at the time of adjournment. Otherwise, notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place be fixed at the meeting adjourned.

Section 13. Fees and Compensation. Directors and members of committees may receive such compensation, if any, for their services, and such reimbursement for expenses, as may be fixed or determined by resolution of the Board of Directors.

Section 14. Indemnification of Directors, Officers, Employees and Other Agents.

(a) Indemnification of Directors and Officers. Each person who was or is a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, formal or informal, whether brought in the name of the corporation or otherwise and whether of a civil, criminal, administrative or investigative nature (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is an alleged action or inaction in an official capacity or in any other capacity while serving as a director or officer, shall, subject to the terms of any agreement between the corporation and such person, be indemnified and held harmless by the corporation to the fullest extent permissible under California law and the corporation's Articles of Incorporation, against all costs, charges, expenses, liabilities and losses (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that (a) the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of the corporation, (b) the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) other than a proceeding by or in the name of the corporation to procure a judgment in its favor only if any settlement of such a proceeding is approved in

writing by the corporation, (c) no such person shall be indemnified (i) except to the extent that the aggregate of losses to be indemnified exceeds the amount of such losses for which the director or officer is paid pursuant to any directors' and officers' liability insurance policy maintained by the corporation; (ii) on account of any suit in which judgment is rendered against such person for an accounting of profits made from the purchase or sale by such person of securities of the corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal state or local statutory law; (iii) if a court of competent jurisdiction finally determines that any indemnification hereunder is unlawful; and (iv) as to circumstances in which indemnity is expressly prohibited by the Law, and (d) no such person shall be indemnified with regard to any action brought by or in the right of the corporation for breach of duty to the corporation and its shareholders (i) for acts or omissions involving intentional misconduct or knowing and culpable violation of law; (ii) for acts or omissions that the director or officer believes to be contrary to the best interests of the corporation or its shareholders or that involve the absence of good faith on the part of the director or officer; (iii) for any transaction from which the director or officer derived an improper personal benefit; (iv) for acts or omissions that show a reckless disregard for the director's or officer's duty to the

corporation or its shareholders in circumstances in which the director or officer was aware, or should have been aware, in the ordinary course of performing his or her duties, of a risk of serious injury to the corporation or its shareholders; (v) for acts or omissions that constitute an unexcused pattern of inattention that amounts to an abdication of the director's or officer's duties to the corporation or its shareholders; and (vi) for costs, charges, expenses, liabilities and losses arising under Section 310 or 316 of the General Corporation Law of California (the "Law"). The right to indemnification conferred in this Section 14 shall be a contract right and shall include the right to be paid by the corporation expenses incurred in defending any proceeding in advance of its final disposition; provided, however, that if the Law permits the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, such advances shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts to the corporation if it shall be ultimately determined that such person is not entitled to be indemnified.

(b) Indemnification of Employees and Agents. A person who was or is a

party or is threatened to be made a party to or is involved in any proceeding by reason of the fact that he or she is or was an employee or agent of the corporation or is or was serving at the request of the corporation as an employee or agent of another enterprise, including service with respect to employee benefit plans, whether the basis of such action is an alleged action or inaction in an official capacity or in any other capacity while serving as an employee or agent, may, subject to the terms of any agreement between the corporation and such person, be indemnified and held harmless by the corporation to the fullest extent permitted by California law and the corporation's Articles of Incorporation, against all costs, charges, expenses, liabilities and losses (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith. The immediately preceding sentence is not intended to be and shall not be considered to confer a contract right on any employee or agent (other than directors and officers) of the corporation.

(c) Right of Directors and Officers to Bring Suit. If a claim under Paragraph (a) of this Section 14 is not paid in full by the corporation within 30 days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. Neither the failure of the corporation (including its Board of Directors, independent

legal counsel, or its shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is permissible in the circumstances because he or she has met the applicable standard of conduct, if any, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the claimant has not met the applicable standard of conduct, shall be a defense to the action or create a presumption for the purpose of an action that the claimant has not met the applicable standard of conduct.

(d) Successful Defense. Notwithstanding any other provision of this Section 14, to the extent that a director or officer has been successful on the merits or otherwise (including the dismissal of an action without prejudice or the settlement of a proceeding or action without admission of liability) in defense of any proceeding referred to in paragraph (a) of this Section 14 or in defense of any claim, issue or matter therein, he or she shall be indemnified against

expenses (including attorneys' fees) actually and reasonably incurred in connection therewith.

(e) Non-Exclusivity of Rights. The right to indemnification provided by this Section 14 shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

(f) Insurance. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Law.

(g) Expenses as a Witness. To the extent that any director or officer of the corporation is by reason of such position, or a position with another entity at the request of the corporation, a witness in any action, suit or proceeding, he or she shall be indemnified against all costs and expenses actually and reasonably incurred by him or her on his or her behalf in connection therewith.

(h) Indemnity Agreements. The corporation may enter into agreements with any director, officer, employee or agent of the corporation providing for indemnification to the fullest extent permissible under the Law and the corporation's Articles of Incorporation.

(i) Separability. Each and every paragraph, sentence, term and provision of this Section 14 is separate and distinct so that if any paragraph, sentence, term or provision hereof shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Section 14 may be modified by a court of competent jurisdiction to preserve its validity and to provide the claimant with, subject to the limitations set forth in this Section 14 and any agreement between the corporation and claimant, the broadest possible indemnification permitted under applicable law.

(j) Effect of Repeal or modification. Any repeal or modification of

this Section 14 shall not adversely affect any right of indemnification of a director or officer existing at the time of such repeal or modification with respect to any action or omission occurring prior to such repeal or modification.

ARTICLE IV

Officers

Section 1. Officers. The officers of the corporation shall be a president, a secretary and a chief financial officer. The corporation may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more vice presidents, one or more assistant secretaries, one or more assistant financial officers, and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article. One person may hold two or more offices, except that the offices of president and secretary shall not be held by the same person.

Section 2. Election. The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article, shall be chosen annually by the Board of Directors, and each shall hold office until he or she shall resign or shall be removed or otherwise disqualified to serve, or his or her successor shall be elected and qualified.

Section 3. Subordinate Officers, Etc. The Board of Directors may appoint, and may empower the president to appoint, such other officers as the business of the corporation my require, each of whom shall hold office, for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine.

Section 4. Removal and Resignation. Any officer may be removed, either with or without cause, by the Board of Directors, at any regular or special meeting thereof, or, except in case of an officer chosen by the Board of Directors, by any officer upon whom such power of removal may be conferred by the Board of Directors (subject, in each case, to the rights, if any, of an officer under any contract of employment).

Any officer may resign at any time by giving written notice to the Board of Directors or the president, or to the secretary of the corporation, without prejudice, however, to the rights, if any, of the corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of receipt of such notice or at any time specified therein. Unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office because of death,

resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to such office.

Section 6. Chairman of the Board. The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors and exercise

and perform such other powers and duties as may be from time to time assigned by the Board of Directors or prescribed by these Bylaws.

Section 7. President. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there shall be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and affairs of the corporation. The president shall preside at all meetings of the shareholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. The president shall be ex officio a member of all the standing committees, including the executive committee, if any, and shall have the general powers and duties of management usually vested in the office of president of a corporation, and shall have such other powers and duties as may be prescribed by these Bylaws or the Board of Directors.

Section 8. Vice President. In the absence or disability of the president, the vice presidents in order of their rank as fixed by the Board of Directors or, if not ranked, the vice president designated by the Board of Directors, shall perform all the duties of the president, and when so acting shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or these Bylaws.

Section 9. Secretary. The secretary shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office and such other place as the Board of Directors may order, a book of minutes of actions taken at all meetings of directors and shareholders, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice given thereof, the names of those present at directors' meetings, the number of shares present or represented at shareholders' meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent, a share

register, or a duplicate share register, showing the names of the shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of shareholders and of the Board of Directors required by these Bylaws or by law to be given, and shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

Section 10. Chief Financial Officer. The chief financial officer of the corporation shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, surplus and shares. Any surplus, including earned surplus, paid-in surplus, and surplus arising from a reduction of stated capital, shall be classified according to source and shown in a separate account. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit all monies and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. The chief financial officer shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the president and directors, whenever they request it, an account of all his or her transactions as chief financial officer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

ARTICLE V

Miscellaneous

Section 1. Record Date. The Board of Directors may fix a time in the future as a record date for the determination of the shareholders entitled to notice of and to vote at any meeting of shareholders, to receive any report, to receive any dividend or distribution, or any allotment of rights, or to exercise rights in respect to any change, conversion or exchange of shares. The record date so fixed shall be not more than sixty (60) days nor less than ten (10) days prior to the date of any meeting, nor more than sixty (60) days prior to any other event for the purposes of which it is fixed. When a record date is so fixed, only shareholders of record on that date are entitled to notice of and to vote at any such meeting, to receive any report, to receive a dividend, distribution or allotment of rights, or to exercise the rights, as the case may

be, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise may be provided in the Articles of Incorporation or these Bylaws.

Section 2. Inspection of Corporate Records. The accounting books and records, the record of shareholders, and minutes of proceedings of the shareholders and of the Board of Directors and committees of the Board of this corporation and any subsidiary of this corporation shall be open to inspection upon the written demand on the corporation of any shareholder or the holder of a voting trust certificate at any reasonable time during regular business hours, for a purpose reasonably related to such holder's interests as a shareholder or as the holder of such voting trust certificate. Such inspection by a shareholder or holder of a voting trust certificate may be made in person or by agent or attorney, and the right of inspection includes the right to copy and make extracts.

A shareholder or shareholders holding at least five percent (5%) in the aggregate of the outstanding voting shares of the corporation or who hold at least one percent (1%) of such voting shares and have filed a Schedule 14B with the United States Securities and Exchange Commission relating to the election of directors of the corporation shall have (in person, or by agent or attorney) the right to inspect and copy the record of shareholders' names and addresses and shareholdings during usual business hours upon five (5) business days' prior written demand upon the corporation, and to obtain from the transfer agent for the corporation, if there be one, upon written demand and upon the tender of its usual charges, a list of the shareholders' names and addresses who are entitled to vote for the election of directors, and their shareholdings, as of the most recent record date for which it has been compiled or as of a date subsequent to the date of demand specified by the shareholder therein. The list shall be made available on or before the later of five (5) business days after receipt of the demand or the date specified therein as of which the list is to be compiled.

Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation. Such inspection by a director may be made in person or by agent or attorney, and the right of inspection includes the right to copy and make extracts.

Section 3. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness, issued in the name of or payable to this corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board of Directors.

Section 4. Annual Report to Shareholders. The annual report to

shareholders referred to in Section 1501 of the California General Corporation Law is expressly waived, but nothing herein shall be interpreted as prohibiting the Board from issuing annual or other periodic reports to the shareholders.

A shareholder of shareholders holding at least five percent (5%) of the outstanding shares of any class of stock of the corporation may make a written request to the corporation for an income statement of the corporation for the three-month, six-month or nine-month period of the current fiscal year ended more than thirty (30) days prior to the date of the request and a balance sheet of the corporation as of the end of any such period, and, in addition, if no annual report for the last fiscal year containing an income statement and balance sheet for and as of the end of such fiscal year has been sent to shareholders, such an income statement and balance sheet for the prior fiscal year. The corporation shall use its best efforts to deliver the statement or statements requested to the person making such request within thirty days after the receipt thereof. A copy of any such statements shall be kept on file in the principal executive office of the corporation for twelve (12) months, and they shall be exhibited at all reasonable times to any shareholder demanding an examination of them or a copy thereof shall be mailed to such shareholder.

The corporation shall, upon the written request of any shareholder, mail to the shareholder a copy of the last annual, semi-annual or quarterly income statement which it has prepared, together with a balance sheet as of the and of the same period. The financial statements referred to in this Section shall be accompanied by the report thereon, if there be any, of any independent accountants engaged by the corporation in respect thereof or, if there be no such report, the certificate of an authorized officer of the corporation that such financial statements were prepared without audit from the books and records of the corporation.

Section 5. Certificates for Shares. Every holder of shares in the corporation shall be entitled to have a certificate signed in the name of the corporation by the chairman or vice chairman of the Board or the president or any vice president and by the chief financial officer or an assistant chief financial officer or the secretary or any assistant secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any of the signatures on the certificate may be facsimile, provided that in such event at least one signature, including that of either officer or the corporation's registrar or transfer agent, if any, shall be manually signed. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be an officer, transfer agent or registrar before such certificate is issued, it may nevertheless be issued by the

corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue. Any such certificate shall also contain such legend or other statement as may be required by Section 418 of the General

Corporation Law, the Corporate Securities Law of 1968, the federal securities laws, these Bylaws, and any agreement between the corporation and the issuee thereof.

Certificates for shares may be issued prior to full payment under such restrictions and for such purposes as the Board of Directors or these Bylaws may provide; provided, however, that any such certificate so issued prior to full payment shall state on the face thereof the amount remaining unpaid and the terms of payment thereof.

No new certificate for shares shall be issued in lieu of an old certificate unless the latter is surrendered and cancelled at the same time; provided, however, that a new certificate will be issued without surrender and cancellation of the old certificate if (1) the old certificate is lost, apparently destroyed or wrongfully taken; (2) the request for issuance of a new certificate is made within a reasonable time after the owner of the old certificate has notice of its loss, destruction or theft; (3) the request for issuance of a new certificate is made prior to the receipt of notice by the corporation that the old certificate has been acquired by a bona fide purchaser; (4) the owner of the old certificate files a sufficient indemnity bond with or provides other adequate security to the corporation; and (5) the owner satisfies any other reasonable requirements imposed by the corporation. In the event of the issuance of a new certificate, the rights and liabilities of the corporation, and of the holders of the old and new certificates, shall be governed by the provisions of Sections 8104 and 8405 of the California Uniform Commercial Code.

Section 6. Representation of Shares of other Corporations. The president or any vice president and the secretary or any assistant secretary of this corporation are authorized to vote, represent and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority granted to said officers to vote or represent on behalf of this corporation any and all shares held by this corporation in any other corporation or corporations may be exercised either by such officers in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officers.

Section 7. Inspection of Bylaws. The corporation shall keep in its principal executive office in California, or, if its principal executive office is not in California, then at its principal business office in California (or otherwise provide upon written request of any shareholder) the original or a copy of these Bylaws as amended or otherwise altered to date, certified by the secretary of the corporation, which shall be open to inspection by the shareholders at all reasonable times during office hours.

Section 8. Construction and Definitions. Unless the context otherwise requires, the general provisions, rules of construction and

definitions contained in the California General Corporations Law shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular includes the plural and the plural number includes the singular, and the term "person" includes a corporation or other entity as well as a natural person.

ARTICLE VI

Amendments

Section 1. Power of Shareholders. New bylaws may be adopted or these Bylaws may be amended or repealed by the affirmative vote of a majority of the outstanding shares entitled to vote, except as otherwise provided by law or by the Articles of Incorporation.

Section 2. Power of Directors. Subject to the right of the shareholders as provided in Section 1 of this Article VI to adopt, amend or repeal bylaws, bylaws, other than a bylaw or amendment thereof increasing or decreasing the range of the authorized number of directors, may, except as otherwise provided by law or the Articles of Incorporation, be adopted, amended or repealed by the Board of Directors.

CERTIFICATE OF SECRETARY
OF
SERACARE LIFE SCIENCES, INC.,
a California corporation

I hereby certify that I am the duly elected and acting Secretary of SeraCare Life Sciences, Inc., a California corporation, and that the foregoing Bylaws, comprising 18 pages, constitute the Bylaws of said corporation as duly adopted by the Board of Directors of SeraCare Life Sciences on _____, 2001.

IN WITNESS WHEREOF, I have hereunto subscribed my name this ____ day of _____, 2001.

_____
Jerry Burdick
Secretary

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is intended to be the operative agreement by and between American Blood Institute, Inc., AVRE, Inc., and Binary Associates, Inc. AKA SeraCare (referred to collectively herein as the "Corporation") and Jerry L. Burdick ("Burdick"). This Agreement is conditional upon confirmation of a Plan of Reorganization for the Corporation and approval of such Plan of Reorganization by the Federal Bankruptcy Court. The effective date of this Agreement shall be the Effective Date of the Plan of Reorganization.

1. EMPLOYMENT AS VICE PRESIDENT OF FINANCE. The Corporation hereby agrees to retain Burdick and Burdick hereby agrees to be employed as Vice President and of Finance for the Plasma Operations to be acquired by the Corporation via the Plan of Reorganization regarding American Blood Institute, Inc., AVRE, Inc. and Binary Associates, Inc. In such capacities, Burdick shall perform all of the normal duties and responsibilities of a Vice President of Finance. In the performance of his duties and responsibilities, Burdick shall at all times be under the direction of the President and the Board of Directors of the Corporation. Burdick shall perform his duties and responsibilities in accordance with all reasonable rules, regulations and policies adopted by the Board of Directors of the Corporation.

2. INDEMNIFICATION; INSURANCE AGREEMENT. The Corporation warrants and assures Burdick that the Charter of the Corporation contains a provision which provides for indemnification of officers by the corporation to the maximum extent permissible under the laws of the jurisdiction in which the Corporation is incorporated. Further, the Corporation agrees to either or both of the following: (A) Enter into an Indemnification Agreement provided that such Indemnification Agreement shall be modified if necessary to conform with the laws of the jurisdiction in which the Corporation is incorporated; (B) Obtain and maintain in full force and effect at Corporation's sole expense, such director's and officer's liability insurance for errors and omissions of such type and in such amount as is customary for similarly situated companies, if available at reasonable cost.

3. EXTENT OF SERVICES. Burdick agrees to devote all of his efforts on behalf of the business of the Corporation. Without limiting the foregoing, during the term of this Agreement, Burdick shall make written request to the Board of Directors and must obtain written approval from such Board if Moran wishes to devote any of his time to any other business effort, whether or not such business effort is in direct competition with the Corporation.

4. COMPENSATION. On the effective date of this contract, Burdick shall be paid at the rate of $125,000 per year payable bi-weekly. There shall be a quarterly salary adjustment whereby any pre-tax earnings over $100,000 per quarter shall be paid to the officers of the Reorganized Debtor (SeraCare) up to a maximum annual amount of $25,000 to Alfred J. Moran, Jr. And $10,000 each for Jerry L. Burdick and Brian Olson. The distribution of the quarterly salary adjustment shall be on a pro rata basis.

5. PERFORMANCE BONUS. There shall also be a Management Bonus Pool which will allocate ten percent (10%) of pre-tax earnings which are in excess of $920,549 in year one following the Effective Date of the Reorganization Plan, $2,590,160 in year two, $4,384,187 in year three, $6,244,536 in year four, and $8,166,626 in year five to a bonus pool to paid pro rata to management on the basis of salaries. Burdick shall be a participant in this Management Bonus Pool during the term of this agreement.

6. FRINGE BENEFITS. Burdick shall receive four (4) weeks paid vacation per year during the course of this Agreement. Burdick will also receive company paid: sick pay, group health insurance, dental care, vision care, disability insurance, life insurance and such other benefits in the amounts and as may be provided in the ordinary course to the Corporation's other senior executives.

7. STOCK AND WARRANT GRANT. Burdick shall be granted 63,165 shares of common stock of SeraCare (SeraCare is herein defined as AVRE, Inc., Binary Associates, Inc., American Blood Institute, Inc. and any post emergence replacement or successor corporation or entity into which the Plasma Operations of Avre, Inc. and Binary Associates, Inc. are transferred, placed, controlled, merged or which are acquired by) and stock options to purchase 42,110 shares of common stock in SeraCare for a calculated price which is the mean average between $.74 and the weighted average of the closing bid price for the Company's stock for the thirty trading days prior to the vesting date. The vesting date is defined as the anniversary date of the Effective date of the Reorganization Plan for SeraCare. The options will vest at the rate of one-third per year and are contingent upon the company achieving the projected operating results reflected in the Confidential Memorandum attached herewith except that if the indicated funding is not provided in timely fashion for the acquisition of the indicated centers reflected in the Confidential Memorandum, then a calculation will be made utilizing the projected results of the base six centers (which includes corporate overhead) plus a pro rated calculation of the projected operating results of the acquisition centers based upon the percentage of the secondary financing actually received by SeraCare. For example, the projections contemplate the acquisition of twelve centers during year one. Accordingly, at the rate of $200,000 per center this acquisition program would require $2,400,000. If $1,200,000 or 50% is actually funded, then a calculation will be made utilizing 100% of the year one operating results projected for the base six centers ($365,556) plus 50% of the year one projected operating results for the acquisition centers (50% X $450,198 = $225,099) with the summation of two being ($365,556 + $225,099 = $590,655). Accordingly, $590,655 will be the objective

criteria for vesting of one third of the options if $1,200,000 of secondary financing is actually received by SeraCare in year one. If SeraCare is sold, merged, consolidated with another company or reorganized to the extent that there is a 50% or more change in ownership, the options will become immediately vested and exercisable.

8. TERM. This Agreement is conditional upon confirmation of the Plan of Reorganization for American Blood Institute, Inc., AVRE, Inc. and Binary Associates, Inc. and approval by the Federal Bankruptcy Court. The term shall be for the three year period beginning on the "Effective Date" of the Confirmed Plan of Reorganization and ending thirty six month after the "Effective Date" unless this Agreement is terminated at an earlier date as provided in Section 9 below.

9. TERMINATION.

A. FOR "CAUSE". The Corporation may terminate this Agreement upon thirty days notice for cause. "Cause" is defined for the purpose of this agreement as: death; dishonesty; theft; conviction of a felony; alcohol or drug abuse; unethical business conduct; and a material breach of this Agreement by Burdick. If Burdick is terminated for "Cause" as herein defined,

Burdick shall receive thirty days notice with pay, and no other compensation other than the receipt of any options which have already vested.

B. FOR "ACTIONS DEEMED NOT IN THE BEST INTERESTS". The Corporation may also terminate this Agreement if Burdick fails for any reason, within ten days after receipt by Burdick of written notice thereof from the Board of Directors, to correct, disassociate, cease or otherwise alter any actions, associations, insubordination, failure to comply with instructions, failure or other action or omission to act which, in the opinion of the Board of Directors, materially affects or may materially affect the Corporations' business operations. "Actions Deemed Not in the Best Interests" shall also include the association by Burdick with individuals, companies, organizations or activities which the Board of Directors has a reasonable basis for believing does or could have a material negative affect on the Corporations operations, it's market price per share, or the Corporation's ability to raise additional capital. If Burdick is terminated for "Actions Deemed Not in the Best Interests" as herein defined, Burdick shall receive twelve months severance pay and no other compensation other than the receipt of any options which have already vested as of the termination date.

C. OTHER EVENTS. Other events which will result in the termination of this contract are:

1. The date on which Burdick agrees to terminate this Agreement.

2. The disability of Burdick. Disability herein is defined as being unable to perform the duties hereunder due to a physical and/or mental condition or impairment for one hundred eighty (180) consecutive days during the term of this Agreement or 120 consecutive days in any 365 day period during the term.

3. The date on which Burdick voluntarily ceases to perform his duties hereunder, other than by reason of physical or mental condition prior to the time that a disability occurs. In the event that the Corporation shall be sold, merged, devolved, consolidated or materially reorganized (within the term of this Agreement and Burdick's position is eliminated, the Company will pay to Burdick within Thirty (30) days of such event the balance of the compensation which would be due to complete the term of this agreement. In addition, all then unvested stock options shall become immediately vested and exercisable.

Any unilateral termination of Burdick by the Corporation other than for "Cause", "Actions Deemed Not in the Best Interests", or the reasons indicated in 9.(C)(1) through 9.(C)(3) above shall be considered a material breach of this agreement, the pre-agreed remedy for which is the payment in cash within thirty (30) days of such termination, the full compensation which would be due to complete the three year term of this agreement, including any and all compensation, warrants, options or bonus compensation, plus the continuation of benefits for a period of twelve months. If terminated for "Actions Deemed Not in the Best Interests", the Corporation must show that it has a reasonable basis for believing that the actions or associations are or could be materially detrimental to the Corporation.

10. NO SOLICITATION OF EMPLOYEES. During the period of this Agreement and for two (2) full years following termination of this Agreement, Burdick shall not, for any reason either directly or indirectly, solicit for employment or employ for any other entity any employee of the Corporation.

11. AGREEMENT NOT TO COMPETE. During the period of this Agreement and for two (2) full years following termination of this Agreement (a total of five years), Burdick shall not, for any reason either directly or indirectly, compete with SeraCare either directly through owning and operating

a plasma center, or by being a significant investor, officer or key employee of any company which competes with the Corporation. On a geographic basis, compete is defined to mean being in the plasma collection business within a fifty mile radius of an existing SeraCare collection center.

12. WITHHOLDING. Burdick authorizes the Corporation to withhold and/or deduct from his compensation (including, without limitation, salary and wages), deductions to recover any amounts loaned by the Corporation to Burdick or paid

on Burdick's behalf which, under the terms of said loan or payment, must be repaid to the Corporation including, without limitation, loans of money and the value of any of the Corporations property taken but not returned by Burdick. Corporation shall also have the expressed right to deduct all sums required for federal, state, or local income, Social Security or other taxes now applicable or that may be enacted in the future.

13. NOTICE. Any notice provided to be given pursuant to this Agreement shall be in writing and shall be deemed duly given three days after deposited in the mail, certified mail, return receipt requested, to the party to receive such notice at the address specified below:

The Corporation: American Blood Institute, Inc.
DBA - SeraCare
1875 Century Park East, Suite 2130
Los Angeles, CA 90067
Attn: Board of Directors

For Burdick: Jerry L. Burdick
1106 First Street
Hermosa Beach, California 90254

14. GOVERNING LAW. The validity of this Agreement and the interpretation and performance of all of its terms shall be controlled exclusively by the substantive law of California, including California law concerning the interpretation and performance of contracts.

15. ENFORCEABILITY. Any provision of this Agreement which is invalid, illegal, or unenforceable shall be ineffective only to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions hereof or rendering the remaining provisions hereof invalid, illegal, or unenforceable.

16. WAIVER. The failure of either party hereto to insist upon strict compliance with any of the terms, covenants or conditions of this Agreement by the other party shall not be deemed a waiver of that or any other term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

17. ARBITRATION. Any controversy between the Corporation and Burdick involving the construction, application or breach of any of the terms, provisions, or conditions of this Agreement shall be settled by arbitration in accordance with the rules of the American Arbitration Association then in effect (the AAA Rules). Such arbitration shall take place in Los Angeles, California and shall be conducted by three arbitrators, one of which shall be selected by each party, and the third of which shall be selected by the two arbitrators within the time limits established in the AAA Rules. The decision of the arbitrators may be enforced in any court having jurisdiction over the party against which

enforcement is sought or its assets. The cost of such arbitration including the associated attorney fees, arbitrator fees, filing fees, AAA fees and other legal costs shall be borne by the losing party.

18. TRADE SECRETS, CONFIDENTIAL, AND PROPRIETARY INFORMATION.

A. Burdick and Corporation acknowledge and agree that during the term of this Agreement and in the course of the discharge of his duties hereunder, Burdick shall have access to and become acquainted with information owned by the Corporation concerning its operation, which information derives independent economic value from not being generally known to the public or competitors, and which includes, without limitation: (1) manufacturing processes, research, and engineering, (2) marketing data and techniques, (3) trademarks, tradenames, and servicemarks, (4) customer and client bases and lists, and (5) financial and personnel information. Said information constitutes Employer's trade secret, confidential and proprietary information.

B. Burdick agrees that he shall not at any time (during the period of this agreement or any future time) disclose any such trade secret, confidential, or proprietary information, directly or indirectly, to any other person or use it in any way other than as required in the ordinary course of his employment under this agreement.

C. Burdick further agrees that all files, records, documents, equipment, and similar items relating the Corporation's business (including, without limitation, items containing trade secret, confidential or proprietary information), whether prepared by Burdick or others, including all originals and copies, are and shall be returned to the Corporation upon Burdick's termination.

D. Burdick further agrees that during the period of his employment by the Corporation and after termination thereof, he will not disrupt, damage, disparage, impair, or interfere with the Corporation's business or its reputation, whether by way of interfering with or soliciting its employees, disrupting its relationships with or soliciting clients or customers, agents, representatives, or vendors, aiding competitors, or by way of any other conduct.

19. NON-ASSIGNABILITY. Moran may not assign any of his rights or responsibilities under this Agreement.

20. ENTIRE AGREEMENT. This Amended Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Burdick by the Corporation and contains all of the covenants and agreements between the parties with respect to that employment in any manner whatsoever. Each party to this Agreement acknowledges that no

representation, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding on either party.

21. MODIFICATIONS. Any modification of this Agreement shall be effective only if it is in writing and signed by both parties to this Agreement.

22. LEGAL ACTION. In the event of any litigation or arbitration between or among the parties hereto respecting or arising out of this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorney's fees incurred after a judgement has been rendered by a court of competent jurisdiction. Any judgement shall include an attorneys' fees clause which shall entitle the judgement creditor to recover attorneys' fees incurred to enforce a judgement hereon, which attorneys'

fees shall be an element of post-judgement costs; the parties agree that this attorneys' fee provision shall not merge into any judgement.

IN WITNESS WHEREOF, the parties hereto, effective as of November 14, 1995 do hereby authorize and acknowledge that this Agreement be the effective agreement between the parties. It is understood that this Agreement will be filed as an amendment to the Reorganization Plan for the Corporation and will become effective on the Effective Date of such Plan of Reorganization.

Accepted By:

/s/ Kenneth R. Levine

Kenneth R. Levine
First Equity Capital Securities, Inc.
On behalf of the investment group

/s/ Jerry L. Burdick

Jerry L. Burdick
An individual

/s/ Alfred J. Moran, Jr.

Alfred J. Moran, Jr.
President & Chairman
American Blood Institute, Inc.

EXHIBIT 10.1.1

AMENDMENT TO EMPLOYMENT AGREEMENT

THIS AMENDMENT TO THE EMPLOYMENT AGREEMENT DATED November 14, 1995 ("the Amendment") is made and entered into this 1st day of February 2001 by and between SeraCare, Inc., a Delaware Corporation (referred herein as the "Corporation") and Jerry L. Burdick (the "Employee").

WHEREAS, the Corporation previously entered into an employment agreement on November 14, 1995, (the "Employment Agreement");

AND WHEREAS the term of the Employment Agreement was previously extended by the Board of Directors through February 6, 2003;

AND WHEREAS, the Corporation hereby wishes to amend the employment again;

AND WHEREAS the Employee wishes to have the employment agreement amended as specified herein;

Now Therefore, the following extension and amendments are hereby agreed to by both the Corporation and the Employee:

1. The Term of the agreement has been extended through February 6, 2003.
2. Effective February 1, 2001, the annual base compensation is hereby adjusted to be $175,000 per year plus an auto allowance of $750.00 per month.
3. Employee shall receive 100,000 options with an exercise price of $3.25. Such options shall all have 7 year cliff vesting with accelerated vesting as follows:
   - 50,000 options will vest ratably over 4 years
   - 50,000 options will have accelerated vesting. They will vest ratably over
     - two years beginning with the achievement of his business plan for 2002.
     - 25,000 shares, 25,000 shares 1 year later.

   All 100,000 options shall be accelerated in the event of a change of control.

All other terms, conditions and provisions of the Employment Agreement shall remain effective throughout the term of this Amendment.

I hereby certify that the above amendment was adopted by unanimous vote of the Board of Directors on January 12, 2001.

Hereby certified

/s/ Jerry L. Burdick

_____

Jerry L. Burdick
Corporate Secretary

Exhibit A

Volume of Plasma

For the fiscal year ending February 28, 2002, the forty-two existing Plasma Collection centers must collect no less than 752,000 liters. This represents a five percent increase over the prior year, adjusted for a five % increase with respect the 125,000 liters acquired in the six alpha centers.

Cost Reductions:

Labor Cost Per Liter:

For the fiscal year ending February 28, 2002, the cost of collecting plasma for the forty-two existing centers must be reduced by $2.00 per liter from the January, 2001 level.

EXHIBIT 10.2

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") dated February 5, 1996, is entered into by and between American Blood Institute, Inc., a Delaware corporation, AKA SeraCare (the "Company") and Barry Plost (the "Employee").

1. EMPLOYMENT AND EFFECTIVENESS. The Company hereby employs the Employee, and the Employee accepts employment, as of the date first set forth above (the "Commencement Date"), under the terms and conditions of this Agreement.

2. TERM. The employment of the Employee pursuant to this Agreement shall begin as of the Commencement Date and shall continue to and through the date which is the third anniversary of the Commencement Date (the "Employment Term"), unless terminated earlier as provided herein.

3. POSITION AND DUTIES. The Employee shall be employed as Chairman of the Board, President, and Chief Executive Officer and shall have the duties, responsibilities and authority as may from time to time be assigned by the Company's Board of Directors that are consistent with and normally associated with such positions. The Employee shall devote sufficient amounts of his business time, effort and energies exclusively to the business of the Company to fulfill the duties of his office. Employee shall not be employed by or act in any capacity on behalf of any company which competes with the Company's plasma collection business and shall not serve as an active principal or director or officer or employee of any other company or entity without the prior written consent of the Board of Directors, except that the Employee may serve as a director or officer of any trade association, civic, educational or charitable organization without such consent. The Employee shall also serve without additional compensation as an officer and director of the Company and any of its subsidiaries, if so elected or appointed, but if not so elected or appointed the compensation hereunder shall in no way be affected. The Employee shall devote his or her best efforts to advancing the interests of the Company.

4. COMPENSATION AND BENEFITS.

(a) During the Employment Term, the Company shall pay the Employee a base salary at the annual rate of seventy-five thousand dollars ($75,000) (the "Base Salary"), payable in accordance with the normal payroll practices established by the Company. The Employee shall be entitled to such increases in the Base Salary as may be determined from time to time by the Company's Board of Directors or pursuant to its delegation. If the Base Salary is increased during the Employment Term, the new salary shall thereafter constitute the "Base Salary" for purposes of this Agreement.

(b) In addition to Base Salary, the Employee shall be entitled to the

following stock option grants:

(i) Options to purchase 56,147 shares of common stock of the Company for a calculated price which is the mean average between $.74 and the weighted average of the closing bid price for the Company's common stock for the thirty trading days prior to the vesting date. The vesting date shall be an anniversary date of January 24 and, contingent upon the Company achieving the performance criteria set forth in section (v) below, the options will vest one-third each year beginning on January 24, 1997 and shall remain excercisable by Employee for a period of five (5) years from the vesting date.

(ii) Options to purchase 50,000 shares of common stock of the Company for the price of $1.00 per share which shall vest on the one year anniversary of the date of this Agreement in 1997, contingent upon the Company achieving the performance criteria set forth in section (v) below, and shall remain excercisable by Employee for a period of five (5) years from the vesting date.

(iii) Options to purchase 50,000 shares of common stock of the Company for the price of $2.00 per share which shall vest on the second year anniversary of the date of this Agreement in 1998, contingent upon the Company achieving the performance criteria set forth in section (v) below, and shall remain excercisable by Employee for a period of five (5) years from the vesting date.

(iv) Options to purchase 50,000 shares of common stock of the Company for the price of $3.00 per share which shall vest on the third year anniversary of the date of this Agreement in 1999, contingent upon the Company achieving the performance criteria set forth in section (v) below, and shall remain excercisable by Employee for a period of five (5) years from the vesting date.

(v) The options granted in sections (i), (ii), (iii), and (iv) above shall vest only if Employee is an employee of the Company on the date the options are to vest and then only if the Company has achieved the projected operating results as reflected in the Five Year Post Emergence Forecast, a copy of which is attached hereto. However, if the Company fails to obtain the outside funding for the acquisition centers in a timely fashion, then the calculation of the performance criteria will be made utilizing the projected results of the base six centers for the year (which includes corporate overhead) plus a pro-rata calculation of the projected operating results of the acquisition centers for the year based upon the percentage of the outside secondary financing actually received by the Company compared to the projected financing. For example, if the projections contemplate the acquisition of 12 centers during year one utilizing outside financing of $2,400,000 ($200,000 per center) and only $1,200,000 or 504 is

actually funded, then the performance target for the option vesting will equal 100% of the projected operating results from the six centers ($365,556), plus 50% of the one year projected operating results of the projected acquisition centers ($50% x $450,198 = $225,099), or a total of $590,655. If any of the options do not vest on the vesting date, such option rights shall terminate immediately and be of no further effect.

(vi) Options to purchase 100,000 shares of common stock in the Company for the price of $1.00 per share, such options to vest upon the execution of this Agreement and remain in effect for a period of 5 years from such date.

(vii) If the Company is sold, merged into, or consolidated with another entity, or the Company is substantially reorganized by a 50% or more change in ownership (exclusive of the conversion of Debtors Notes), and either Employee s position, duties, or compensation is reduced, then all options granted under this Agreement shall become immediately vested and exercisable.

(c) The Employee shall be eligible to participate in other employee benefit plans maintained by the Company during the Employment Term, and to receive all fringe benefits, for which his or her status and level of employment qualify in accordance with the Company's usual

policies and arrangements and the terms of such plans, policies and arrangements. Such benefits and plans may include vacation pay, medical insurance programs and retirement programs.

(d) The Company will pay to or on behalf of Employee, the costs, up to a maximum of $10,000 per year, of Employee's Blue Cross/ Blue Shield medical insurance coverage and a term life insurance policy in the face amount of $500,000.

5. TERMINATION. This Agreement shall terminate upon the earlier of the following:

(a) The date provided under the provisions of Section 2 hereof.

(b) Upon the determination by the Board of Directors that good cause exists to justify the termination of the Employee for gross misconduct. For purposes of this Agreement, "gross misconduct" shall be defined as theft, dishonesty, alcohol or drug abuse, unethical business conduct, gross negligence, commission of an illegal act detrimental to the Company or its reputation, fraud, or a material breach of this Agreement by Employee. Upon any termination under this subsection (b) Employee shall be paid an amount equal to thirty days of his base salary, and no other compensation or benefits other than the receipt of his vested options.

(c) At the Company's option, upon the occurrence of a physical or mental condition which prevents the Employee from performing the duties for which he or she is responsible for a period of 120 consecutive days or 180 days in total during the term of this Agreement,

(d) Upon the determination by the Board of Directors that Employee has engaged in acts detrimental to the Company, including without limitation insubordination, failure to comply with instructions, and actions or associations which materially and adversely affect the Company's reputation, business, stock price, or ability to raise capital, and Employee has failed to cease or correct such actions within ten (10) days of his receipt of written notice from the Board of Directors. In the event of a termination under this subsection (d) Employee shall be entitled to severance pay equal to his base salary amount for the lesser of twelve months or the remaining term of this Agreement and his vested options, and no other compensation or benefits.

(e) Upon Employee's death, voluntarily ceasing to perform his duties,other than by reason of a disability under subsection (d), or agreement to terminate this Agreement. Except as specified above, all rights to compensation and options which have not vested under this Agreement shall cease upon the termination of this Agreement.

6. COVENANTS.

(a) The Employee shall not, during the term of the employment or at any time thereafter, directly or indirectly, publish or disclose to any person, firm, corporation or other entity, whether or not a competitor of the Company, or use other than on behalf of the Company any confidential information concerning the assets, business or affairs of the Company unless required by a court of law or governing governmental authority pursuant to a specific right to know. Confidential information includes, without limitation, any trade secrets, sources of supply, costs, pricing practices, customer lists, financial data, employee information, strategic plans, or organizational data.

(b) The Employee shall not during the Employment Term and for a period of two (2) years thereafter, engage in or be interested in (as owner, partner, shareholder, employee, director, officer, agent, consultant or otherwise, except as a less than 1% shareholder of a publicly listed

company) with or without compensation, any business which is competitive with the business being conducted by the Company at any time during the Employee's employment, including any business which owns or operates a blood collection center within 50 miles of any of the Company's collection centers. The Employee shall not during this time period, directly or indirectly, solicit or contact any employee of the Company, with the view

to induce or encourage such employee to leave the employ of the Company for the purpose of being hired by the Employee, an employer affiliated with the Employee or any competitor of the Company.

(c) Employee agrees that all files, records, documents and items relating to the Company's business, whether prepared by Employee or others, are the property of the Company and, upon termination of this Agreement or Employee's employment, Employee shall promptly return to the Company any and all such documents and any other property of the Company which is in the custody or control of Employee.

(d) Employee agrees that during the term of this Agreement and afterwards, Employee shall not, in any way or by any means, disrupt, damage, disparage, impair or interfere with the Company's business or its reputation.

(e) The Employee acknowledges that the provisions of this Section 5 are reasonable and necessary for the protection of the Company and that the Company will be irrevocable damaged if such covenants are not specifically enforced. Accordingly, the Employee agrees that, in addition to any other relief or remedies available to the Company in the form of actual or punitive damages, the Company shall be entitled to seek and obtain injunctive relief from a court of competent jurisdiction for the purposes of restraining the Employee from any actual or threatened breach of such covenants.

7. INDEMNIFICATION. The Company shall indemnify, defend and hold the Employee harmless, to the maximum extent permitted by law, from any and all claims, litigation or suits arising out of the activities of the Employee reasonable taken in the performance of the duties hereunder, including all reasonable expenses and professional fees that may relate thereto. In addition, the Company agrees to seek appropriate directors and officers liability insurance for errors and omissions of such type and in such amount as is customary for similarly situated companies, if available at a reasonable cost.

8. ARBITRATION. Any controversy or dispute between the Company and Employee involving the construction, application or breach of any of the terms, provisions or conditions of this Agreement shall be resolved by binding arbitration in accordance with the agreement of the parties or, if no agreement is reached, by the rules of the American Arbitration Association then in effect (the "AAA Rules"). Such arbitration shall take place in Los Angeles, California and shall be conducted by three arbitrators selected from a panel of arbitrators experienced in such disputes as provided by the AAA, with one arbitrator selected by each party and the third arbitrator selected by the other two arbitrators within the time limits established by the AAA Rules. The cost of such arbitration, including the associated attorneys' fees, arbitrator fees, filing fees, AAA fees, and other costs shall be borne by the losing party.

9. EMPLOYEE'S REMEDIES. In the event the Company terminates Employee's employment other than pursuant to the provisions of Section 5 of this Agreement, the Employee's complete and exclusive remedy shall be the payment in cash,

within 30 days of the termination, of the unpaid balance of the full compensation which would be due under the full term of this Agreement,

including base salary and options, and the continuation of Employee's then current medical and insurance benefits for a period of twelve months from the date of the termination.

10. GENERAL TERMS.

(a) GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed in that State.

(b) NOTICE. Any notice or other communication under this Agreement shall be in writing and shall be considered given when delivered personally, or one day after being sent by commercial overnight carrier, or three business days after mailing by U. S. registered mail, return receipt requested, to the parties at the following addresses or at such other address as a party may specify by notice to the other.

If to the Employee: Barry Plost
10430 Wilshire Blvd., Suite 1103
Los Angeles, CA 90024

If to the Company: American Blood Institute, Inc.
1875 Century Park East, Suite 2130
Los Angeles, CA 90067
Attn: Board of Directors

with a copy to: Furman Usher, Inc.
1901 Avenue of the Stars, 7th Floor
Los Angeles, CA 90067

(c) ENTIRE AGREEMENT: AMENDMENT. This Agreement shall supersede all existing agreements, whether written or oral, between the Employee and the Company relating to the terms of the Employee's employment with the Company. It may not be amended except by a written agreement signed by both parties.

(d) WAIVER. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(e) ASSIGNMENT. Subject to the limitation below, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall not be assignable by the Employee, and shall be assignable by the Company only to any corporation or other entity resulting from the reorganization, merger or

consolidation of the Company with any other corporation or entity or any corporation or entity to or with which the Company's business or substantially all of its assets may be sold, exchanged or transferred, and it must be so assigned by the Company to, and accepted as binding upon it by, such other entity in connection with any such reorganization, merger, consolidation, sale, exchange or transfer.

(f) HEADINGS. Section headings are used herein for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

(g) WITHHOLDING. Employee authorizes Company to withhold and/or deduct from his compensation (including, without limitation, salary and wages), deductions to recover any amounts

loaned by the Company to Employee or paid on Employee's behalf which, under the terms of said loan or payment, must be repaid to the Company including loans of money and the value of Company property taken but not returned by Employee.

(h) SEVERABILITY. If any provision of this Agreement is found to be invalid or unenforceable for any reason, the remaining provisions shall continue in full force and effect and, to the extent required, shall be modified to preserve the validity and intent of this Agreement.

(i) ATTORNEYS' FEES; In the event of any litigation or arbitration between or among the parties Hereto arising from or relating to this Agreement, the prevailing party shall be entitled to recover its costs, including reasonable attorneys' fees, incurred in connection with such litigation or arbitration. Any judgment shall include an provision which shall entitle the judgment creditor to recover its costs, including reasonable attorneys' fees, incurred to enforce the judgment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

American Blood Institute, Inc.

By: /s/ JERRY BURDICK

Jerry Burdick
Title: Executive Vice President

Employee

/s/ BARRY PLOST

Barry Plost

EXHIBIT 10.2.1

AMENDMENT TO EMPLOYMENT AGREEMENT

THIS AMENDMENT TO THE EMPLOYMENT AGREEMENT DATED February 5, 1996 ("the Amendment") is made and entered into this 1st day of February 2001 by and between SeraCare, Inc., a Delaware Corporation (referred herein as the "Corporation") and Barry D. Plost (the "Employee").

WHEREAS, the Corporation previously entered into an employment agreement on February 5, 1996, (the "Employment Agreement");

AND WHEREAS the term of the Employment Agreement was previously extended by the Board of Directors through February 5, 2002;

AND WHEREAS, the Corporation hereby wishes to amend the employment again;

AND WHEREAS the Employee wishes to have the employment agreement amended as specified herein;

Now Therefore, the following extension and amendments are hereby agreed to by both the Corporation and the Employee:

1. The Term of the agreement has been extended through February 5, 2002.
2. Effective February 1, 2001, the base annual compensation is hereby adjusted to be $300,000 per year plus an auto allowance of $750.00 per month.
3. Employee shall receive 200,000 options with an exercise price of $3.25. Such options shall all have 7 year cliff vesting with accelerated vesting as follows:

   100,000 options will have accelerated vesting over two years beginning with satisfactory achievement of the fiscal year 2002 business plan, half upon achievement of plan, other half 1 year later.

   100,000 options will have accelerated vesting on the following schedule;

   10,000 options will vest immediately at the end of each month that the closing price of the Company's stock is $6.50 or greater for at least 10 trading days during the month.

   All 200,000 options shall be accelerated in the event of a change of control.

All other terms, conditions and provisions of the Employment Agreement shall remain effective throughout the term of this Amendment.

I hereby certify that the above amendment was adopted by unanimous vote of the Board of Directors on January 12, 2001.

Hereby certified

_____
Jerry L. Burdick
Corporate Secretary

EXHIBIT 10.3

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into effective the 1st day of November, 2000 by and between SeraCare, Inc. (referred herein as the "Corporation") and Michael F. Crowley II ("Crowley").

1. Employment as President of SeraCare Life Sciences, Inc., a wholly owned subsidiary of SeraCare, Inc. The Corporation hereby agrees to retain Crowley and Crowley hereby agrees to be employed as President of SeraCare Life Sciences, Inc. In the performance of his duties and responsibilities, Crowley shall at all times be under the direction of the President of the Corporation. Crowley shall perform his duties and responsibilities in accordance with reasonable rules, regulations and policies of the Corporation.

2. Extent of Services. Crowley agrees to devote all of his efforts on behalf of the business of the Corporation. Without limiting the foregoing, during the term of this Agreement, Crowley shall not, directly or indirectly, either as an employee, consultant, stockholder or in any other capacity, engage or participate in any business that is in competition in any manner with the Corporation.

3. Indemnification; Insurance Agreement. The Corporation warrants and assures Crowley that the Charter of the Corporation contains a provision which provides for indemnification of officers by the Corporation and to the maximum extent permissible under the laws of the jurisdiction in which the Corporation is incorporated. Further, the Corporation agrees to either or both of the following:

A. Enter into an Indemnification Agreement provided that such Indemnification Agreement shall be modified if necessary to conform with the laws of the jurisdiction in which the Corporation is incorporated.

B. Obtain and maintain in full force and effect at Corporation's sole expense, such director's and officer's liability insurance for errors and omissions of such type and in such amount as is customary for similarly situated companies, if available at reasonable cost.

4. No Competing Affiliations. During the term of this agreement, Crowley will not serve as a consultant, employee or other paid assistant or in any like role or capacity with any other competing or potentially competing company with like operations, business strategies, or objectives. In addition, for a period of two years after termination of this agreement Crowley may work within the industry but shall not engage in any employment or activities which are or could reasonably be expected to have an adverse affect upon the operations of the Corporation.

5. Compensation. Beginning with the pay period beginning on November 1, 2000, Crowley shall be compensated at the rate of $145,000 per year. In addition, Crowley shall receive an Option to purchase 40,000 of the Corporation's common shares at a price of $3.00 per share. Such Option fully vest on February 28, 2003.

6. Performance Bonus. Crowley shall also qualify to receive a bonus of $50,000 for each of fiscal years 2002 and 2003 if SeraCare Life Sciences, Inc. equals or exceeds budgeted net income for such years. The budgets will be established jointly by Crowley, the President of the Corporation and the Chief Financial Officer of the Corporation.

7. Fringe Benefits. Crowley shall receive four (4) weeks paid vacation per year during the course of this Agreement. Crowley will also receive company paid: sick pay, group health insurance, dental care, vision care, disability insurance, life insurance and such other benefits in the amount and as may be provided in the ordinary course to the Corporation's other executives.

8. Term. This Agreement shall be for the twenty-eight month period beginning on November 1, 2000 and ending on February 28, 2003.

9. Termination.

9.1 Termination for Cause. The Corporation may terminate this Agreement immediately and without notice for cause. "Cause" for the purpose of this agreement shall include, but not be limited to: death; dishonesty; theft; conviction of a felony; alcohol or drug abuse; unethical business conduct; and a material breach of this Agreement by Crowley. "Cause" shall also include the failure of Crowley for any reason, within ten days after receipt by Crowley of written notice thereof from the President and/or Board of Directors, to cease or otherwise alter any insubordination, failure to comply with instructions, or other action or omission to act which, in the sole opinion of the President of the Corporation, materially affects or could materially affect the Corporations' business operations. Other events which will result in the termination of this Agreement are:

A. The date on which Crowley agrees to terminate this Agreement.

B. The disability of Crowley. Disability herein is defined as being unable to perform the duties hereunder due to a physical and/or mental condition or impairment for ninety (90) cumulative days during the term of this Agreement or sixty (60) consecutive days in any three hundred sixty-five (365) day period.

C. The date on which Crowley voluntarily ceases to perform his duties hereunder, other than by reason of a physical or mental condition prior to the time that a disability occurs.

If this agreement is terminated for "Cause" as herein defined, Crowley shall not be entitled to any termination or severance payments.

9.2 Termination for Without Cause. If this Agreement is terminated by the Corporation for any reason other than "Cause" as herein defined, Crowley shall be entitled to receive the balance of the amount due under this Agreement. Such payments shall be payable in accordance with the normal payroll cycle over the remaining term of this Agreement.

10. No Solicitation of Employees. During the period of this Agreement and for two (2) full years following termination of this Agreement, Crowley shall not, for any reason either

directly or indirectly, solicit for employment or employ for any other entity any employee of the Corporation.

11. Withholding. Crowley authorizes the Corporation to withhold and/or deduct from his compensation (including, without limitation, salary and wages), deductions to recover any amounts loaned by the Corporation to Crowley or paid on Crowley's behalf which, under the terms of said loan or payment, must be repaid to the Corporation including, without limitation, loans of money and the value of any of the Corporations property taken but not returned by Crowley. Corporation shall also have the expressed right to deduct all sums required for federal, sate or local income, Social Security or other taxes now applicable or that may be enacted in the future.

12. Notice. Any notice provided to be given pursuant to this Agreement shall be in writing and shall be deemed duly given three days after deposited in the mail, certified mail, return receipt requested, to the party to receive such notice at the address specified below:

The Corporation: SeraCare Life Sciences, Inc.
1925 Century Park East, Suite 1970
Los Angeles, CA 90067

For Crowley: Michael F. Crowley II
569 Anchorage Avenue
Carlsbad, CA 92009

13. Governing Law. The validity of this Agreement and the interpretation and performance of all of its terms shall be controlled exclusively by the substantive law of California, including California law concerning the interpretation and performance of contracts.

14. Enforceability. Any provision of this Agreement which is invalid, illegal, or unenforceable shall be ineffective only to the extent of such invalidity, illegality, or unenforceability, without affecting in any way the remaining provisions hereof or rendering the remaining provisions hereof

invalid, illegal, or unenforceable.

15. Waiver. The failure of either party hereto to insist upon strict compliance with any of the terms, covenants or conditions of this Agreement by the other party shall not be deemed a waiver of that or any other term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

16. Trade Secrets, Confidential and Proprietary Information.

A. Crowley and Corporation acknowledge and agree that during the term of this agreement and in the course of the discharge of his duties hereunder, Crowley shall have access to and become acquainted with information owned by the Corporation concerning its operation, which information derives independent economic value from not being generally known to the public or competitors, and which includes, without limitation: (1) manufacturing process, research and engineering, (2) marketing data and techniques, (3) trademarks, tradenames, and servicemarks, (4) customer and client bases

and lists, and (5) financial and personnel information. Said information constitutes Employer's trade secret, confidential and proprietary information.

B. Crowley agrees that he shall not at any time (during the period of this agreement or any future time) disclose such trade secret, confidential, or proprietary information, directly or indirectly, to any other person or use it in any way other than as required in the ordinary course of his employment under this agreement.

C. Crowley further agrees that all files, records, documents, equipment and similar items relating to the Corporations business (including, without limitation, items containing trade secret, confidential or proprietary information), whether prepared by Crowley or others, including all origins and copies, are and shall be returned to the Corporation upon Crowley's termination.

D. Crowley further agrees that during the period of his employment by the Corporation and after termination thereof, he will not disrupt, damage, disparage, impair, or interfere with the Corporation's business or its reputation, whether by way of interfering with or soliciting its employees, disrupting its relationships with or soliciting clients or customers, agents, representatives, or vendors, aiding competitors, or by way of any other conduct.

17. Non-Assignability. Crowley may not assign any of his rights or responsibilities under this Agreement.

18. Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Crowley by the Corporation and contains all of the covenants and agreements between the parties with respect to that employment in any manner whatsoever. Each party to this Agreement acknowledges that no representation, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding on either party.

19. Modifications. Any modification of this Agreement shall be effective only if it is in writing and signed by both parties to this Agreement.

IN WITNESS WHEREOF, the parties hereto do hereby authorize and acknowledge that this Agreement be the effective agreement between the parties.

SeraCare Life Sciences, Inc.:	Michael F. Crowley II:
By: /s/ Barry D. Plost	By: /s/ Michael F. Crowley II
Barry D. Plost	Michael F. Crowley II
President and CEO	An individual

EXHIBIT 10.4

REDACTED VERSION

ALBUMIN SUPPLY AGREEMENT

*** Confidential treatment has been requested as to certain portions of this agreement. Such omitted confidential information has been designated by an asterisk and has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended, and the Commission's rules and regulations promulgated under the Freedom of Information Act, pursuant to a request for confidential treatment. ***

In Barcelona on this 22 day of June 1999.

BY AND BETWEEN

SERACARE INC., a corporation of USA nationality, with address at 1926 Century Park East, Suite 1970, Los Angeles, California, USA, represented by Mr. Barry D. Plost, by virtue of his position as Chairman/CEO (hereinafter referred to as SERACARE), party to the first part.

INSTITUTO GRIFOLS, S.A., a corporation of Spanish nationality, with address at Poligono Industrial Levante, Calle Can Guasch, s/n. 08150 Parets del Valles, Barcelona, Spain, represented by Mr. Javier Jorba Ribes, by virtue of his position as General Manager, (Hereinafter referred to as GRIFOLS), party of the second part.

WHEREAS

I. SERACARE is a corporation, which main activity is as a collector of plasma, distributor of therapeutic and diagnostic plasma derived products, and as a manufacturer of diagnostic products.

II. GRIFOLS is a corporation, which main activity is the manufacturing and commercialization of Hemoderivatives, including Human Albumin, which are manufactured in it premises located in Parets del Valles.

III. GRIFOLS declares that its Human Albumin complies with the technical specifications that are detailed in Annex 1 attached hereto, and has all the necessary and required permits.

IV. That both parties know that GRIFOLS Human Albumin is manufactured for its direct use and only in accordance with the product indications

described in Annex 2 attached hereto.

V. GRIFOLS is willing to supply and SERACARE to acquire, Human Albumin (hereinafter referred to as Albumin), due to which, both parties recognizing in each other enough legal capacity, agree to enter into the present Albumin Supply Agreement in accordance with the following.

CLAUSES

FIRST - Constitutes the object of the present Agreement, the supply to SERACARE of Human Albumin manufactured by GRIFOLS, to be sold by SERACARE to third parties, which may only use said Human Albumin as raw material in its production of certain products, and never for direct use, in accordance with the provisions of this Agreement.

SECOND - Due to the special technical specifications and quality controls that the Albumin has to comply with, the parties agree that all the Albumin supplied by GRIFOLS to SERACARE will have a certified batch release from GRIFOLS.

THIRD - The Albumin supplied by GRIFOLS to SERACARE will be used by any third party only as raw material, for the purpose of manufacturing products listed in Annex 3. No other use different from this, including its human use, is covered by the present Agreement.

The Albumin supplied by GRIFOLS to SERACARE will not be mixed in the manufacturing process of the products listed in Annex 3 carried out by any third party with any other product of human origin.

GRIFOLS shall have the right, with prior notification of 24 hours, to require SERACARE to inspect any third parties' manufacturing facilities and records in order to verify the correct use of the Albumin supplied/sold by SERACARE to this third party in accordance with the provisions of the present Agreement.

FOURTH - The quality and technical specifications of the Albumin supplied by GRIFOLS to SERACARE, as detailed in Annex 1.

The quality and technical specifications, may be changed and/or modified, at GRIFOLS' requirement, in order to comply with any new legislation in force and/or new controls or test methods. Any change carried out in accordance will be duly notified to SERACARE, which shall notify it to all third parties to whom the Albumin has been supplied/sold.

Every shipment of Albumin will be shipped together with all the mandatory and/or legal documents, as well as any other documents that may be required.

FIFTH - SERACARE will acquire from GRIFOLS the annual quantities established in Annex 4. Both parties, on a yearly basis, will fix these minimum annual quantities, as well as the Product price, which will also be included in said Annex.

In the event that / new test and/or control is required, as stated in Clause Fifth hereinabove, GRIFOLS and SERACARE shall mutually agree to renegotiate the prices set forth in this Agreement.

SIXTH - Payment of the Albumin delivered by GRIFOLS to SERACARE would be payable 30 days after reception by SERACARE in its premises in Oceanside, CA, USA.

SEVENTH - The Albumin will be shipped and packed in accordance with the specifications set forth in Annex 5 to the present Agreement.

EIGHTH - For the event that the Albumin supplied by GRIFOLS to SERACARE is object of a product recall carried out by GRIFOLS, GRIFOLS will be responsible only for its reposition with new Albumin.

Due to the use that third parties shall give to the Albumin, which will be as raw material for manufacturing products listed in Annex 3 which is different and not specified in the Product indications given by GRIFOLS, SERACARE and/or any third party will be solely responsible for its use in accordance with the present Agreement, and will hold GRIFOLS harmless of any

circumstances derived from the use that SERACARE and/or any third party will give to the Albumin.

NINTH - SERACARE declares that it has a product liability insurance covering the products, for an amount of $US 5,000,000 and takes the commitment to have such insurance coverage while the present Agreement is in force and the products manufactured using the Albumin have not expired, and will also require that any third party using the Albumin has a product liability insurance in the same terms and conditions.

TENTH - All information disclosed by GRIFOLS to SERACARE concerning any aspect of Albumin, including discussions with Regulatory Authorities, shall be

considered as Confidential Information under this Agreement.

The party receiving the Confidential Information:

1. Will not disclose the Confidential Information to any third party, except as required by the Regulatory Authorities strictly for the purposes of this Agreement.

2. Will limit disclosure of the Confidential Information to its employees and agents who, under obligation of confidentiality, have a need to know of it for the purposes of this Agreement.

3. Will make no use of the received Confidential Information other than to fulfill the purposes of this Agreement.

4. On termination of this Agreement, will return all such Confidential Information to the disclosing party, without retaining any copy or extract thereof.

The following will be exempt from the obligation of this Article:

a) Confidential Information which is now, or which becomes, part of the public domain without involvement of the receiving party.

b) Confidential Information which the receiving party can demonstrate by competent proof was known to it before being received from the disclosing party.

c) Confidential Information which becomes available to the receiving party from a third party under no obligation of confidentiality to the disclosing party.

The obligations of this article shall continue after termination of this Agreement.

ELEVENTH - SERACARE shall, prior to any sale of Albumin to any third party,
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inform GRIFOLS of the identity of said third party, as well as sign an agreement with this third party that shall cover the following:

- Use that this third party may do of the Albumin, which is as detailed in the manufacturing of products listed in Annex 3.

- Manufacturing information by which this third party has to inform SERACARE and GRIFOLS of the lot numbers of the products manufactured using GRIFOLS Albumin.

- Product liability insurance as foreseen in Clause Ninth of the present

Agreement.

- Signature of a Confidential Disclosure Agreement between said third party and GRIFOLS, which will be that attached as enclosure 6 hereto.

- Responsibility Clause identical to that foreseen in Clause Eighth of the present Agreement.

- Force Majeure Clause identical to that foreseen in Clause Thirteenth of the present Agreement.

- Rescission/termination clause, which covers any breach of the clauses of the Agreement by the third party, especially if the Albumin is not used as raw material in the manufacturing of products listed in Annex 3, and a different use is given to it.

- Clause including that SERACARE shall have the right, with a prior notification of 24 hours, to inspect the third parties' manufacturing facilities and records, in order to verify the correct use of the Albumin supplied by GRIFOLS in accordance with the provisions of the present Agreement.

TWELFTH - The duration of the present Agreement will be until 31/st/ December 1999, and will start on the date of its signature. The Agreement will be automatically renewed for one-year periods if neither party denounces it three months before its expiry.

THIRTEENTH - Neither party shall be liable for non-performance of this Agreement due to Force Majeure. Force Majeure will have the meaning stated below under (a):

a) Strikes, lockouts, other industrial disturbances, rebellions, mutinies, epidemics, landslides, lightning, earthquakes, fires, storms, floods, sinking, drought, civil disturbances, explosions, act or decisions of duly constituted municipal, state or National Governmental Authorities or of Courts of Law, impossibility to obtain supplies, fuel or other required materials, or any other causes similar or completely different, all beyond the control of the Party pleading Force Majeure preventing the Party from performing its rights and obligations and not to be overcome by due diligence of such Party.

b) The Parties agree that if either of them find themselves wholly or partly unable to fulfill their respective obligations in this Agreement by reason of Force Majeure, the Party pleading Force Majeure will as soon as possible

notify the other Party of its inability to perform giving detailed explanation of the occurrence which excuses performance. If said notice is given, the performance of the notifying party shall be abated for so long as performance may be prevented by Force Majeure. A Party unable to perform due to Force Majeure shall resume fulfilling its obligations, including making the due payments, after the Force Majeure has ceased. All terms will be extended by the time period the Force Majeure has lasted.

FOURTEENTH - The present Agreement will be terminated and will become null due
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to any of the following reasons:

a) Mutual agreement.

b) Those fixed by law.

c) With thirty (30) days notice if the other party shall default in the performance or observation of any material provisions of this Agreement and shall fail to cure such default within sixty (60) days after notice from such party, and the non-defaulting party shall reserve a right to seek a remedy available under the applicable laws.

d) If any party falls into suspension of payments or becomes bankrupt.

e) Not meeting payments due.

f) Any substantial change in the ownership in any of the parties which may give rise to a change in the political control of the Company, or the participation through the acquisition of shares by a direct competitor of any of the parties.

FIFTEENTH -
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a) Any notice required or provided for by the terms of this Agreement shall be made in writing and shall be sent by registered mail postage prepaid or by telex or by facsimile properly addressed in accordance with the addresses first above given or to such other addresses as the parties may at a later date advise. The effective date of this notice shall be six (6) days after the date of sending such notice.

b) This Agreement constitute the entire agreement between the parties concerning the subject matter hereof. None of the terms of this Agreement shall be amended or modified except in writing signed by the parties hereto. The headings used in this Agreement are only meant for easy reading of the Agreement.

c) Provisions of this Agreement are separate and divisible and the invalidity or unenforceability of any part shall not affect the validity or enforceability of any remaining part or parts, all of which shall remain in full force and effect. However, the parties agree to substitute any invalid or unenforceable provision by valid and enforceable arrangement which achieves to the greatest extent possible the financial balance and mutual understanding already established between the parties.

SIXTEENTH - Any dispute, controversy or difference that may arise from the interpretation or in connection with the present Agreement or as the compliance of any other obligations contained herein, shall be submitted to arbitration held in Barcelona (Spain), in the "Tribunal Arbitral de Barcelona" according to its rules. The award rendered in any such arbitration shall be final and binding upon the parties hereto.

SEVENTEENTH - The parties agree that the present document is a commercial agreement and is ruled by the Clauses contained herein, and shall be governed by the laws of Spain, by Spanish commercial usage or, in its case, by the Spanish Civil Code.

In witness whereof, the present Agreement is signed in duplicate in the place and date first written above.

INSTITUTO GRIFOLS, S.A. SERACARE INC.

/s/ Javier Jorba Ribes /s/ Barry D. Plost

LIST OF OMITTED ANNEXES

The following Annexes to the Albumin Supply Agreement have been omitted from this Exhibit and shall be furnished to the Commission upon request:

Annex	Document
2	USA Package Insert
3	Human Albumin as Raw Material
5	Shipment Information
6	Confidential Disclosure Agreement

ANNEX 1

***

*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

ANNEX 4

HUMAN ALBUMIN GRIFOLS

QUANTITIES AND PRICE

- The quantities established for the year 1999 will be in the range of *** - *** vials per month.

- Product price:

- Human Albumin Grifols at *** per gram FOB Barcelona.

- *** Confidential information omitted and filed separately with the Securities and Exchange Commission.

Exhibit 10.4.1

AMENDMENT NR. 1
dated June 10, 2001
to
Albumin Supply Agreement
dated June 22, 1999

In New York City, this 10th day of June, 2001.

BY AND BETWEEN

Seracare, Inc., a corporation of USA nationality, with address at 1925 Century Park East, Suite 1970, Los Angeles, California, USA, represented by Mr. Barry D. Plost, by virtue of his position as Chairman/CEO (hereinafter referred to as SeraCare), part of the first part.

Instituto Grifols, S.A., a corporation of Spanish nationality, with address at Poligono Industrial Levante, Calle Can Guasch, s/n, 08150 Parets del Valles, Barcelona, Spain, represented by Mr. Victor Grifols, by virtue of his position as Chief Executive Officer (hereinafter referred to as Grifols), party of the second part.

WHEREAS

The parties have signed an Albumin Supply Agreement dated 22 June 1999 (hereinafter referred to as the Agreement) and wish to amend the Agreement in accordance with the following:

CLAUSES

FIRST.-Subject to Clause SECOND below, this Amendment Nr. 1 shall extend the term of the Agreement until 31 March 2006.

For the remainder of the term of the Agreement and this Amendment Nr. 1, both parties will meet ninety (90) days before the end of each calendar year to negotiate the price and annual quantities for the following year.

SECOND.-Reference is made to that certain Agreement and Plan of Merger dated June 10, 2001, by and among Grifols, SI Merger Corp., a Delaware corporation and a wholly owned subsidiary of Grifols, and SeraCare (hereinafter referred to as the Merger Agreement; capitalized terms used and not defined herein shall have the respective meanings set forth in the Merger Agreement). In the event that (i) the Closing does not occur as a direct or indirect result of the existence of a Superior Proposal and (ii) either of the parties hereto undergo a change in control, then the party that does not undergo such change in

control may immediately terminate the Agreement and this Amendment Nr. 1.

THIRD.-On the Closing Date, the rights and obligations of SeraCare under the Agreement and this Amendment Nr. 1 shall hereby automatically and without further action by the parties hereto be assigned from SeraCare to SeraCare Life Sciences, Inc.

All terms and conditions of the Agreement shall remain in full force and effect except for those amended herein.

IN WITNESS WHEREOF, the present Amendment Nr. 1 is signed in duplicate in the place and date first written above.

INSTITUTO GRIFOLS, S.A.

/s/ Victor Grifols

By: Victor Grifols
Its: Chief Executive Officer

SERACARE, INC.

/s/ Barry D. Plost

By: Barry D. Plost
Its: Chairman and CEO

SERACARE LIFE SCIENCES, INC.

/s/ Jerry Burdick

By: Jerry Burdick
Its: Executive Vice President

EXHIBIT 10.5

REDACTED VERSION

EXECUTION COPY

COLLABORATION AGREEMENT (the "Agreement"), dated as of January 1, 2001, between Quest Diagnostics Incorporated, a Delaware corporation, ("Quest Diagnostics") and SeraCare, Inc., a Delaware corporation ("Sera Care").

*** Confidential treatment has been requested as to certain portions of this agreement. Such omitted confidential information has been designated by an asterisk and has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended, and the Commission's rules and regulations promulgated under the Freedom of Information Act, pursuant to a request for confidential treatment. ***

Quest Diagnostics is the owner and operator of clinical laboratories that perform various tests and examinations of material derived from the human body for the purpose of providing information for the diagnosis, prevention or treatment of disease, or the assessment of medical conditions. SeraCare is a collector, manufacturer and marketer of plasma based diagnostic products and tests. Quest Diagnostics and SeraCare wish to collaborate, on the terms and subject to the conditions set forth herein, to conduct certain business activities described more fully herein (the "Collaboration").

On the date hereof, and as a material condition to Quest Diagnostics' execution and delivery of the Agreement, SeraCare shall issue and deliver to Quest Diagnostics a warrant to purchase certain shares of SeraCare common stock, par value $0.001 per share ("Common Stock"), substantially in the form of Exhibit A hereto (the "Warrant") and SeraCare shall enter into a Registration Rights Agreement, substantially in the form of Exhibit B hereto (the "Registration Rights Agreement").

Certain capitalized terms used herein and not otherwise defined have the meanings set forth in Section 8.1.

In consideration of the foregoing and of the mutual covenants and agreements set forth herein, the parties, agree as follows:

ARTICLE I
SCOPE OF THE COLLABORATION

Section 1.1 Disease State Positive Sera Business.

(a) Definition of the Business. "Disease State Positive Sera Business" means selling and marketing sera that contains desired disease state antibodies for test kit manufacturers, control and proficiency manufacturers and other manufacturers in the medical equipment, including the in vitro diagnostics ("IVD"), industry.

(b) Quest Diagnostics Obligations. From time to time, upon request from SeraCare, Quest Diagnostics shall assist in fulfilling SeraCare customer requirements for disease state positive sera. Quest Diagnostics shall search its database for potential appropriate donors and where appropriate in the good faith judgment of Quest Diagnostics (i) contact such patient's physician to determine whether the patient is qualified to donate and whether the physician will apprise patient of the opportunity to donate, (ii) if the physician is willing to apprise the patient of the opportunity to donate, request the physician to provide patient with Quest Diagnostics contact information regarding donation and (iii) if the patient contacts Quest Diagnostics, further qualify patient and introduce the patient to SeraCare.

(c) SeraCare Obligations. SeraCare shall be responsible for all customer fulfillment obligations, including: compensating patients for collection, arranging, and reimbursing patients for, travel to SeraCare facility and any accommodations in connection with such travel; obtaining executed patient consents substantially in the form of Exhibit C hereto; screening and processing plasma in accordance with the requirements of Applicable Law, including screening for blood borne pathogens and any other screening that may be required under Applicable Law or by Meridian Diagnostics, Inc. ("Meridian") or any other end user; forwarding processed plasma to customers; all billing and collection activities; and implementing marketing and sales efforts in the Disease State Positive Sera Business.

Section 1.2 Disease State Negative Sera Business.

(a) Definition of the Business. "Disease State Negative Sera Business" means selling and marketing of sera that does not contain any disease state antibodies for test kit manufacturers, control and proficiency manufacturers and other manufacturers in the medical equipment, including the IVD, industry.

(b) Quest Diagnostics Obligations. Quest Diagnostics shall have no obligations relating to the Disease State Negative Sera Business except for any general obligations specifically set forth elsewhere in this Agreement regarding

cooperation.

(c) SeraCare Obligations. SeraCare shall be responsible for all customer fulfillment obligations, all billing and collection activities, and implementing marketing and sales efforts in the Disease State Negative Sera Business.

Section 1.3 Specimen Remnant Business.

(a) Definition of the Business. "Specimen Remnant Business" means the selling and marketing of blood remnants to test kit manufacturers and other medical device manufacturers, researchers and universities; other than (i) sales of remnants to genomic companies in which Quest Diagnostics has or takes an equity investment or with which Quest Diagnostics has or develops a contractual collaboration, in each case, in the ordinary course of Quest Diagnostics' business and (ii) ad hoc sales of remnants made to researchers for scientific collaboration.

(b) Quest Diagnostics Obligations. From time to time, upon request from SeraCare, Quest Diagnostics shall assist in fulfilling SeraCare customer requirements for negative control and disease state positive blood remnants and other blood remnants. Quest Diagnostics shall de-identify any specimens except for age (not including date of birth), gender, any requested diagnosis codes and test results and ship the specimens and summary of above data directly to customer or to SeraCare for transshipment, as the parties may agree. For the avoidance of doubt, Quest Diagnostics shall not perform, and shall not be obligated to perform, any additional testing on the specimens prior to shipment.

(c) SeraCare Obligations.

(i) SeraCare shall be responsible for all other customer fulfillment obligations, including all billing and collection activities, and for implementing marketing and sales efforts for the Specimen Remnant Business.

(ii) Further, prior to and as a condition of shipment of any specimens by Quest Diagnostics or SeraCare as the case may be, SeraCare shall obtain certifications from each customer in the form attached hereto as Exhibit D.

(iii) In the case of any transshipment, SeraCare shall have full responsibility for the appropriate handling and disposal of specimens upon specimen receipt, in accordance with Applicable Law.

Section 1.4 Areas of Exclusivity.

(a) For the term of the Agreement, SeraCare shall conduct all of its Disease State Negative Sera Business, Disease State Positive Sera Business and Specimen Remnant Business with Quest Diagnostics in accordance with the terms of this Agreement. If Quest Diagnostics is unable to identify the needed disease state positive sera patients or provide the needed specimen remnants, Quest Diagnostics and SeraCare shall cooperate to obtain the needed patients or remnants, as the case may be, from a third party, and revenues and costs generated by such business shall be treated in the same way as other revenues and costs of the Collaboration under this Agreement.

(b) So long as SeraCare has Satisfactory Capabilities to perform under the Agreement, Quest Diagnostics shall conduct all of its Disease State Positive Sera Business and Specimen Remnant Business with SeraCare in accordance with the terms of the Agreement. "Satisfactory Capabilities" means (i) SeraCare shall have a sales and marketing team which, in the judgment of the Project Committee (as defined in Section 2.1 below), has the ability to effectively exploit sales and marketing opportunities throughout the United States and, should the Project Committee determine that international operations are appropriate, internationally and (ii) SeraCare shall have and maintain sufficient FDA approved draw sites and collection stations so that SeraCare can, in the judgment of the Project Committee, cost-effectively draw the needed sera to satisfy the demand of the Collaboration's client base so that (a) no significant slow-down in sales will occur, (b) SeraCare will not have to transport donors to its west coast facilities from east coast states to draw the needed sera and (c) the Collaboration will not have to utilize the services of a third party to draw the sera of such donors, other than in California

consistent with past practice and otherwise on an occasional basis. For the avoidance of doubt, assuming compliance with the covenant set forth in Section 5.2 of this Agreement, the parties agree that as of the date of this Agreement, SeraCare has Satisfactory Capabilities to meet the anticipated demand for the Collaboration for the first year of the term of this Agreement. For the avoidance of doubt, so long as SeraCare has Satisfactory Capabilities to perform under the Agreement, Quest Diagnostics shall not (i) perform the donor identification services described in this Agreement except in connection with the Collaboration or (ii) provide specimen remnants except in connection with the Collaboration other than sales of remnants excepted from the definition of the Specimen Remnant Business set forth in Section 1.3(a) of this Agreement.

Section 1.5 International Operations. Other than delivery in the United States FOB Oceanside terms for shipment by a third party to foreign buyers, the business and operations of the Collaboration shall be exclusively domestic and the Collaboration shall not conduct any international business or

operations unless the Project Committee has approved written guidelines, when and if in effect to be set forth as Schedule 1.5 to this Agreement, regarding compliance with Applicable Law relating to exports including, any European Community regulatory and privacy laws or regulations, any applicable provisions of the Occupational Safety and Health Act, any applicable Centers for Disease Control and Prevention, Department of Transportation, and Federal Aviation Administration regulations, any International Air Transport Association (IATA) requirements, the export provisions of the Federal Food, Drug, and Cosmetic Act, and any other Applicable Law.

Section 1.6 Sera Validation Testing. If requested by SeraCare, Quest Diagnostics shall perform validation testing on the disease state negative and disease state positive sera at a cost equal to best hospital buying group pricing, which cost shall be paid to Quest Diagnostics by SeraCare as though Quest Diagnostics were a third party vendor to the Collaboration.

Section 1.7 Laboratory Support. Quest Diagnostics and SeraCare shall explore possibilities for Quest Diagnostics to provide technological training and support, management expertise and purchasing services to help SeraCare expand its lab operations to offer services to blood banks and plasma collectors. Such support and management shall be provided only to the extent permitted by Quest Diagnostics' existing purchasing and licensing agreements. If the parties decide to engage in such activities, they shall agree at the time on a mutually beneficial revenue and cost sharing arrangement. For the avoidance of doubt, nothing in this Section shall obligate the parties to reach an agreement with respect to the subject matter hereof.

Section 1.8 Supply. The parties shall explore mutually beneficial arrangements regarding Quest Diagnostics supply purchases. For the avoidance of doubt, nothing in this Section shall obligate the parties to reach an agreement with respect to the subject matter hereof.

Section 1.9 Joint Marketing Program. From time to time, Quest Diagnostics shall introduce SeraCare to current Quest Diagnostics contacts that could be potential SeraCare customers. Quest Diagnostics shall use its reasonable business judgment in determining whether such introductions are appropriate.

ARTICLE II
OPERATION OF THE COLLABORATION

Section 2.1 Protect Committee. The parties shall form a Project

Committee (comprised of an equal number of representatives of each party), which shall oversee the strategic direction of the Collaboration. Decisions regarding any manner of cooperation not specifically governed by this Agreement, or any dispute arising among the parties with respect to the Collaboration, shall be discussed by the Project Committee in good faith. From time to time, either party may substitute any of its representatives on the Project Committee. Except as specifically set forth in this Section 2.1, the Project Committee shall establish its own procedural rules for operation. The Project Committee shall take action by unanimous consent of the parties, with each of SeraCare and Quest Diagnostics having a single vote, irrespective of the number of representatives actually in attendance at a meeting, or by a written resolution signed by the designated representative of each of party. If the Project Committee cannot decide how to proceed, the matter shall be referred for decision to Barry Plost and Bernard L. Kasten (who together shall be the "Executive Committee"). If either Mr. Plost or Dr. Kasten is not employed by SeraCare or Quest Diagnostics, as the case may be, an alternative Executive Committee member will be named by the Chief Operating Officer of such party.

Section 2.2 Revenue Sharing. The parties shall share on a *** basis Net Revenue generated from (i) the Disease State Positive Sera Business, including, without limitation, any Net Revenue generated from sales of such sera to Meridian, (ii) the Disease State Negative Sera Business, (iii) the Specimen Remnant Business.

Section 2.3 Monthly Statement. On the 20th calendar day of each month, SeraCare and Quest Diagnostics shall each submit a report to the other party detailing its Costs for the immediately preceding calendar month. SeraCare shall then prepare a statement detailing the calculation of Net Revenue (including Chargeable Costs and each other category) for such period ("Monthly Statement"). Any questions relating to the calculation of Net Revenues, including whether any cost is a Chargeable Cost shall be presented to the Project Committee for review and decision. If the disputed cost, together with all other Costs relating to that Monthly Statement, are within the monthly cost cap and the annual cost cap described in the definition of Chargeable Costs in Section 8.1 hereof, then such cost shall be deemed, in the first instance, a Chargeable Cost for such month. If the disputed cost, together with all other Chargeable Costs relating that Monthly Statement, is over and above either the monthly or the annual cost cap, then such cost shall not be deemed, in the first instance, a Chargeable Cost for that month. Adjustments to Net Revenue, if any, following the resolution of disputes relating to the inclusion or exclusions of any cost from Chargeable Costs shall be reflected in a Monthly Statement following the resolution of such dispute.

Section 2.4 Cash Distribution. All cash collected by SeraCare in respect of Collaboration operations shall be deposited in a segregated account and shall not be commingled with other SeraCare funds (the "Cash Account"). The Cash Account funds shall be invested in Permitted Investments until distribution hereunder. On the last calendar day of each month, SeraCare shall deliver to

Quest Diagnostics, and to an account of its own, by wire transfer of

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*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

immediately available funds from the Cash Account, each party's *** share of Net Revenue, as shown on the Monthly Statement for the preceding calendar month (i.e., on January 31, SeraCare shall deliver the payment indicated in the Monthly Statement for December) plus the reimbursement of each party's Chargeable Costs and Partnership Tax Costs included in the calculation of Net Revenue for such month. If in any month there is insufficient cash in the Cash Account to pay such amounts in full, such amounts shall paid to the extent of available cash, pro rata based on total amounts due to each party, and any remaining amounts ("Rollover Amounts") shall be rolled over and paid in the following month together with the Net Revenue and Chargeable Costs and Partnership Tax Costs for such following month, again, to the extent of available cash. In any given month, available cash shall be applied first, to any Rollover Amounts and next, to current month Net Revenue and Chargeable Costs and Partnership Tax Costs, again, pro rata based on total amounts due to each party.

Section 2.5 Record-keeping and Audit.

(a) In accordance with the terms set forth herein and Applicable Law, each party shall maintain reasonably detailed records of its activities hereunder, including records of any plasma and other specimens collected by SeraCare from patients identified by Quest Diagnostics under Article I hereto and auditable back-up of Chargeable Costs, which records each party shall make available to the other party as necessary to verify its performance under the Agreement but no more often than semi-annually. Any audits conducted by a party shall be conducted by such party (i) at such party's sole cost and expense (ii) in a manner that shall not be disruptive to the other party's business and (iii) no later than the second anniversary of the end of the period to which such records relate.

(b) SeraCare shall also prepare and deliver a weekly donor activity report in the form attached as Exhibit F hereto or as otherwise mutually agreed by the parties, and a monthly inventory report, a monthly consolidated profit and loss statement, a monthly accounts receivable aging report and such other information reports to be mutually agreed.

(c) Quest Diagnostics shall keep complete and accurate records of remnants supplied in accordance with FDA requirements relating to research-related specimens (but shall not retain any patient identifying information, except to the extent necessary to comply with FDA audit procedures), which records shall be available for review by third parties (including SeraCare) only as permitted by Applicable Law. For the avoidance of doubt, Quest Diagnostics

is not obligated to meet good manufacturing recordkeeping requirements for FDA-regulated products.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.1 SeraCare warrants and represents to Quest Diagnostics as follows:

(a) Organization and Standing of SeraCare. SeraCare is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

SeraCare has all requisite corporate power and authority necessary to enable it to own and operate its properties and assets and to conduct its business as presently conducted and proposed to be conducted under the Collaboration. SeraCare is duly qualified to do business as a foreign corporation and is in good standing in any jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect.

(b) Authority Valid and Binding Agreements. SeraCare has all requisite corporate power and authority to (i) execute and deliver this Agreement, the Warrant and the Registration Rights Agreement (collectively, the "Transaction Documents"), (ii) issue and sell (A) the Warrant and (B) any and all shares of Common Stock or other securities issuable in respect of the Warrant ("Warrant Shares") and (iii) perform its obligations hereunder and thereunder. The execution, delivery and performance by SeraCare of the Transaction Documents and all documents, certificates and instruments to be executed by SeraCare in connection therewith and the authorization, issuance (or reservation for issuance, as the case may be), sale and delivery of the Warrant and the Warrant Shares, have been duly authorized by all necessary corporate action on the part of SeraCare and its stockholders. The Transaction Documents have been duly executed and delivered by SeraCare and constitute the legal, valid and binding obligations of SeraCare, enforceable against SeraCare in accordance with their respective terms.

(c) Conflicts; Consents. The execution and delivery by SeraCare of the Transaction Documents does not and the performance of the obligations contemplated hereby and thereby (including without limitation the issuance and sale of the Warrant and the Warrant Shares) and compliance with the terms hereof

and thereof will not, breach, conflict in any material way with, or result in any material violation of or default (with or without notice or lapse of time or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to the loss of any material benefit under, or result in the creation or imposition of any material Lien upon any of the properties or assets of SeraCare under, (i) any loan or credit agreement, note, bond, mortgage, indenture, deed of trust, license, franchise, lease, contract, commitment, permit, agreement, understanding, instrument or obligation or other arrangement to which SeraCare is a party or by which SeraCare or any of its properties or assets may be bound or affected, (ii) any provision of the Certificate of Incorporation or the By-laws or other constitutive or governing documents of SeraCare or (iii) any Applicable Law. Except as set forth on Schedule 3.1(c) hereto, no consent, approval, order, license, permit or authorization of, or notification, registration, declaration or filing with, any Governmental Authority or any other Person is required to be obtained or made by SeraCare or any of its Affiliates in connection with the execution, delivery and performance by SeraCare of any of the Transaction Documents, the issuance and sale of the Warrant and the Warrant Shares, or the performance of the obligations contemplated hereby and thereby.

(d) Capital Stock.

(i) As of the date hereof, the authorized capital stock of SeraCare consists of (i) 25,000,000 shares of Preferred Stock, $0.001 par value, of which (1) 3,600 shares have been designated Series A Preferred Stock (the "Series A Preferred Stock"), none of which shares of Series A Preferred Stock are issued and outstanding, (2) 15,000 shares of which have been designated Series B Preferred Stock (the "Series B Preferred Stock"), none of which shares of Series B Preferred Stock are issued and outstanding, (3) 22,500

shares of which have been designated Series C Preferred Stock (the "Series C Preferred Stock"), 22,500 of which shares of Series C Preferred Stock are issued and outstanding and (4) 24,958,900 shares of which are undesignated and (ii) 25,000,000 shares of Common Stock, of which (1) 9,619,943 are issued and outstanding, (2) 7,336,110 are reserved for issuance pursuant to the exercise of outstanding warrants and options, (3) 300,000 are reserved for issuance pursuant to the exercise of options under SeraCare's 1997 Employee Stock Option Plan (of which no options have been issued to date), and (4) none are reserved for issuance upon conversion of the Series A Preferred Stock, and none are reserved for issuance upon conversion of the Series B Preferred Stock, and 500,000 are reserved for issuance upon conversion of the Series C Preferred Stock. SeraCare has reserved 1,748,605 shares of Common Stock for issuance upon exercise of the Warrant. The issuance of the Warrant has been duly authorized and, when issued in accordance with this Agreement, (i) will be validly issued, fully paid and non-assessable, (ii) will have the rights, preferences and privileges

described therein and (iii) except as set forth on Schedule 3.1(d) will not have been issued in violation of, and will not be subject to, any preemptive or subscription rights and will not result in the antidilution provisions of any security of SeraCare or any subsidiary becoming applicable.

(ii) The Warrant, when issued and delivered in accordance with this Agreement, will be free and clear of any Liens and Quest Diagnostics will have good title thereto. The Warrant Shares have been duly authorized and reserved for issuance pursuant to SeraCare's Certificate of Incorporation and, when issued, will be duly issued, fully paid and non-assessable, will be free and clear of any Liens, except for any Liens created or incurred by Quest Diagnostics, and Quest Diagnostics will have good title thereto, except for any Liens created or incurred by Quest Diagnostics and the Warrant and will not be subject to any preemptive or subscription rights and, except as set forth on Schedule 3.1(d), will not result in the antidilution provisions of any security of SeraCare becoming applicable.

(iii) Except as set forth on Schedule 3.1(d), there are no outstanding warrants, options, rights, other securities, agreements, subscriptions or other commitments, arrangements or undertakings pursuant to which SeraCare or any subsidiary is or may become obligated to issue, deliver or sell, or cause to be issued, delivered or sold, any additional capital stock or other securities of SeraCare or any subsidiary or to issue, grant, extend or enter into any such warrant, option, right, security, agreement, subscription or other commitment, arrangement or undertaking. Except as set forth on Schedule 3.1(d), there are no outstanding options, rights, other securities, agreements or other commitments, arrangements or undertakings pursuant to which SeraCare or any subsidiary is or may become obligated to redeem, repurchase or otherwise acquire or retire any capital stock or other securities of SeraCare or any subsidiary, or any securities of the type described in this Section 3.1 (d) which are presently outstanding or may be issued in the future.

(iv) Other than the rights set forth in the Registration Rights Agreement, or as set forth on Schedule 3.1(d), there are no outstanding rights which permit the holder thereof to cause SeraCare to file a registration statement under the Securities Act or which permit the holder thereof to include securities of SeraCare in a registration

statement filed by SeraCare under the Securities Act, and there are no outstanding agreements or other commitments which otherwise relate to the registration of any securities of SeraCare under the Securities Act.

(v) Assuming that the representations and warranties of Quest Diagnostics set forth in 3.2(k) are true and correct, the offering, issuance and delivery of the Warrant and the issuance of the Warrant Shares are exempt from the registration requirements of the Securities Act, and,

except as set forth on Schedule 3.1(d) hereto and as provided in the Registration Rights Agreement, SeraCare is not required to make or obtain any filings, registrations, qualifications, notifications or consents or approvals of or with any Governmental Authority (including without limitation under the Securities Act, the Exchange Act, the Investment Company Act of 1940, as amended, or any state securities or "blue sky" laws) in connection therewith.

(e) SEC Documents; Financial Statements. SeraCare has filed all required reports, forms and other documents required to be filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Securities and Exchange Commission ("SEC") since February 29, 2000 (the "SeraCare SEC Documents"). As of their respective dates, the SeraCare SEC Documents complied in all material respects with the requirements of the Exchange Act, and the rules and regulations of the SEC promulgated thereunder applicable to such SeraCare SEC Documents, and none of the SeraCare SEC Documents contained any untrue statements of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of SeraCare included in the SeraCare SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by Form 10-QSB of the SEC) applied on a consistent basis during the periods involved and fairly present the consolidated financial position of SeraCare and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal and recurring year-end audit adjustments not material in scope or amount).

(f) Undisclosed Liabilities. Except as set forth in the SeraCare SEC Documents or on Schedule 3.1(f), SeraCare does not have and, as a result of the performance of the obligations contemplated in this Agreement or in the other Transaction Documents, will not have, any liabilities or obligations of any nature (whether accrued, absolute, contingent, unasserted or otherwise and whether due or to become due) that could reasonably be expected to have a Material Adverse Effect.

(g) Litigation. Except as set forth on Schedule 3.1(g) hereto, there are no suits, actions, claims, arbitrations or other legal, administrative or regulatory proceedings or investigations, whether at law or in equity, or before or by any Governmental Authority pending or, to the knowledge of SeraCare, threatened by or against or affecting SeraCare or any of its properties or assets that could reasonably be expected to have a Material Adverse Effect, nor to the knowledge of SeraCare is there any basis therefor. There is no outstanding judgment, order, injunction or decree of any Governmental Authority or arbitrator applicable to SeraCare or any

of its properties, assets or business that could reasonably be expected to have a Material Adverse Effect.

(h) Absence of Changes or Events. Since the date of the SeraCare SEC Documents, there has not been any event, violation or other matter that could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(i) Compliance with Applicable Law.

(i) SeraCare and its properties, assets, operations and business are in compliance in all material respects with all Applicable Law as applicable to the Collaboration. SeraCare has obtained and has in effect all material permits, licenses and other authorizations which are required for the operation of the Collaboration. SeraCare is in compliance in all material respects with all terms and conditions of such permits, licenses and authorizations, no proceeding is pending or, to the knowledge of SeraCare, threatened, to revoke or limit any thereof, and, to the knowledge of SeraCare, there is no basis for any such proceeding and the operation of the Collaboration will not result in the non-renewal, revocation or termination of any such license or permit.

(ii) SeraCare has not received any written correspondence from the FDA since April 4, 2000 with respect to the FDA investigations detailed in the Warning Letters dated April 4, 2000, June 28, 1999, June 3, 1999, June 1, 1999, April 7, 1999, and December 18, 1998 and has taken remedial action with respect to the matters set forth therein.

(j) Disclosure. To SeraCare's knowledge, there is no fact which SeraCare has not disclosed to Quest Diagnostics in writing which has, or (insofar as reasonably can be foreseen) in the future, will have a Material Adverse Effect or which will affect the ability of SeraCare to perform its obligations under the Transaction Documents including its obligations in respect of the Warrant and the Warrant Shares.

(k) Foreign Corrupt Practices Act. To its knowledge, SeraCare and its employees are in compliance with the U.S. Foreign Corrupt Practices Act, as amended, including without limitation the books and records provisions thereof.

(l) Investment Company. Neither SeraCare nor any Person controlling SeraCare is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(m) Solvency. To the knowledge of SeraCare, as of the date hereof, (i) the fair market value of SeraCare's assets is in excess of the total amount of its liabilities (including, without limitation, contingent liabilities); (ii) the present fair saleable value of SeraCare's assets is greater than its probable liability on its existing debts as such debts become absolute and matured; and (iii) SeraCare is able to pay its debts (including, without limitation, contingent debts and other commitments) as they mature.

(n) Insurance. Schedule 3.1(n) contains a list of all insurance policies ("SeraCare Insurance Policies") on which Quest Diagnostics has been named as an additional

insured, including the forms and amounts of coverage provided thereunder. All SeraCare Insurance Policies are in the name of SeraCare, outstanding and in full force and effect and all premiums due with respect to such policies are currently paid. SeraCare has not received notice of cancellation or termination of any such policy, nor has it been denied or had revoked or rescinded any policy of insurance, nor has it borrowed against any such policies. There are and have been no claims in the last five years for which an insurance carrier has denied or threatened to deny coverage.

Section 3.2 Quest Diagnostics represents and warrants to SeraCare as follows:

(a) Organization and Standing of Quest Diagnostics. Quest Diagnostics is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Quest Diagnostics has all requisite corporate power and authority necessary to enable it to own and operate its properties and assets and to conduct its business as presently conducted and proposed to be conducted under the Collaboration. Quest Diagnostics is duly qualified to do business as a foreign corporation and is in good standing in any jurisdiction in which the failure to so qualify could reasonably be expected to have a Material Adverse Effect.

(b) Authority; Valid and Binding Agreements. Quest Diagnostics has all requisite corporate power and authority to (i) execute and deliver this Agreement and the Registration Rights Agreement and (ii) perform its obligations hereunder and thereunder. The execution, delivery and performance by Quest Diagnostics of such agreements and all documents, certificates and instruments to be executed by Quest Diagnostics in connection therewith, have been duly authorized by all necessary corporate action on the part of Quest Diagnostics and its stockholders. This Agreement and the Registration Rights Agreement have been duly executed and delivered by Quest Diagnostics and constitute the legal,

valid and binding obligations of Quest Diagnostics, enforceable against Quest Diagnostics in accordance with their respective terms.

(c) Conflicts; Consents. The execution and delivery by Quest Diagnostics of this Agreement and Registration Rights Agreement does not and the performance of the obligations contemplated hereby and thereby and compliance with the terms hereof and thereof will not, breach, conflict in any material way with, or result in any material violation of or default (with or without notice or lapse of time or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to the loss of any material benefit under, or result in the creation or imposition of any material Lien of any nature whatsoever upon any of the properties or assets of Quest Diagnostics under, (i) any loan or credit agreement, note, bond, mortgage, indenture, deed of trust, license, franchise, lease, contract, commitment, permit, agreement, understanding, instrument or obligation or other arrangement to which Quest Diagnostics is a party or by which Quest Diagnostics or any of its properties or assets may be bound or affected, (ii) any provision of the Certificate of Incorporation or the By-laws or other constitutive or governing documents of Quest Diagnostics or (iii) any Applicable Law. No consent, approval, order, license, permit or authorization of, or notification, registration, declaration or filing with, any Governmental Authority or any other Person is required to be obtained or made by or with respect to Quest Diagnostics or any of its Affiliates in connection with the execution, delivery and performance by Quest Diagnostics this Agreement

or the Registration Rights Agreement, or the performance of the obligations contemplated thereby.

(d) SEC Documents; Financial Statements. Quest Diagnostics has filed all required reports, forms and other documents required to be filed under the Exchange Act, with the SEC since December 31, 1999 (the "Quest Diagnostics SEC Documents"). As of their respective dates, the Quest Diagnostics SEC Documents complied in all material respects with the requirements of the Exchange Act, and the rules and regulations of the SEC promulgated thereunder applicable to such Quest Diagnostics SEC Documents, and none of the Quest Diagnostics SEC Documents contained any untrue statements of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Quest Diagnostics included in the Quest Diagnostics SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved and fairly present the consolidated financial position of Quest Diagnostics and its consolidated subsidiaries as of the dates thereof and the consolidated results

of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal and recurring year-end audit adjustments not material in scope or amount).

(e) Litigation. There are no suits, actions, claims, arbitrations or other legal, administrative or regulatory proceedings or investigations, whether at law or in equity, or before or by any Governmental Authority pending or, to the knowledge of Quest Diagnostics, threatened by or against or affecting Quest Diagnostics or any of its properties or assets that could reasonably be expected to have a Material Adverse Effect, nor to the knowledge of Quest Diagnostics is there any basis therefor. There is no outstanding judgment, order, injunction or decree of any Governmental Authority or arbitrator applicable to Quest Diagnostics or any of its properties, assets or business that could that could reasonably be expected to have a Material Adverse Effect.

(f) Absence of Changes or Events. Since the date of the Quest Diagnostics SEC Documents, there has not been any event, violation or other matter that could, individually or in the aggregate, reasonably he expected to have a Material Adverse Effect.

(g) Compliance with Applicable Law. Quest Diagnostics and its properties, assets, operations and business are in compliance in all material respects with all Applicable Law as applicable to the Collaboration. Quest Diagnostics has obtained and has in effect all permits, licenses and other authorizations which are required for the operation of the Collaboration. Quest Diagnostics is in compliance in all material respects with all terms and conditions of such permits, licenses and authorizations, no proceeding is pending or, to the knowledge of Quest Diagnostics, threatened, to revoke or limit any thereof, and, to the knowledge of Quest Diagnostics, there is no basis for any such proceeding and the operation of the Collaboration will not result in the non-renewal, revocation or termination of any such license or permit.

(h) Disclosure. To Quest Diagnostics' knowledge, there is no fact which Quest Diagnostics has not disclosed to SeraCare in writing which has, or (insofar as reasonably can be foreseen) in the future, will have a Material Adverse Effect or which will affect the ability of Quest Diagnostics to perform its obligations under the Transaction Documents.

(i) Foreign Corrupt Practices Act. To its knowledge, Quest Diagnostics and its employees are in compliance with the U.S. Foreign Corrupt Practices Act, as amended, including without limitation the books and records provisions thereof.

(j) Disclaimer Regarding Specimens. All specimen remnants provided by Quest Diagnostics in connection with the Collaboration meet the age, gender and disease state and volume specifications requested by SeraCare, unless otherwise specified by Quest Diagnostics with respect to any particular shipment. THE FOREGOING WARRANTIES BY QUEST DIAGNOSTICS WITH RESPECT TO SUCH SPECIMEN REMNANTS ARE LIMITED TO THE EXPRESS WARRANTIES STATED IN THIS PARAGRAPH (j), AND EXCEPT FOR SUCH EXPRESS WARRANTIES, QUEST DIAGNOSTICS MAKES NO WARRANTY WITH RESPECT TO SUCH SPECIMENS, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ALL SUCH SPECIMENS ARE AND SHALL BE PROVIDED "AS-IS," AND SHALL BE CONSIDERED TO BE INFECTIOUS, CONTAINING BIOHAZARDOUS CONTENTS.

(k) Investment Representations.

(i) Securities Act. Quest Diagnostics is acquiring the Warrant for investment only for its own account, not as a nominee or agent, and not with a view to any public distribution of all or any portion thereof or of the Warrant Shares.

(ii) Accredited Investor. Quest Diagnostics is an "accredited investor" as such term is defined in Rule 501(a) promulgated under the Securities Act and is capable of evaluating the risks and merits of its investment in SeraCare and has the capacity to protect its own interests.

(iii) Restricted Securities. Quest Diagnostics acknowledges that, because the Warrant has not been registered under the Securities Act or any state securities laws, the Warrant (and the Warrant Shares) it is purchasing must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available. Quest Diagnostics is familiar with the provisions of Rule 144 promulgated under the Securities Act and the resale limitation imposed thereby and by the Securities Act.

(l) Insurance. Schedule 3.2(1) contains a list of all insurance policies ("Quest Diagnostics Insurance Policies") on which SeraCare has been named as an additional insured, including the forms and amounts of coverage provided thereunder. All Quest Diagnostic Insurance Policies are in the name of Quest Diagnostics, outstanding and in full force and effect and all premiums due with respect to such policies are currently paid. Quest Diagnostics has not received notice of cancellation or termination of any such policy, nor has it been denied or had revoked or rescinded any policy of insurance, nor has it borrowed against any such policies.

There are and have been no claims in the last five years for which an insurance carrier has denied or threatened to deny coverage.

ARTICLE IV
INSURANCE AND INDEMNIFICATION

Section 4.1 Indemnification.

(a) SeraCare agrees to indemnify, defend and hold harmless Quest Diagnostics and its successors and assigns, officers, directors, Affiliates, employees, attorneys, representatives and agents (all such Persons and entities being collectively referred to as "Indemnified Parties") from and against any and all claims, losses, liabilities, costs, and expenses, including reasonable attorney's fees ("Losses") incurred or sustained by any Indemnified Party as a result of or arising from or in connection with any inaccuracy or breach of any representation, warranty or covenant made by SeraCare in or pursuant to any Transaction Document.

(b) Quest Diagnostics agrees to indemnify, defend and hold harmless SeraCare and its successors and assigns, officers, Affiliates, employees, attorneys, representatives and agents (all such Persons and entities being also collectively referred to as "Indemnified Parties") from and against any and all Losses incurred or sustained by any Indemnified Party as a result of or arising from or in connection with any inaccuracy or breach of any representation, warranty or covenant made by Quest Diagnostics in or pursuant to any Transaction Document.

(c) The indemnification obligations of the parties hereunder shall be satisfied by the delivery to the Indemnified Party, by wire transfer of immediately available funds, the amount of any indemnity payment due hereunder.

(d) The obligations and liabilities of the parties hereunder with respect to their indemnities pursuant to this Section 4.1 shall be subject to the following terms and conditions

(i) If any third party shall notify any Indemnified Party with respect to any matter (a "Third Party Claim") which may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under this Section 4.1, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

(ii) The Indemnifying Party will have the right to assume the defense of the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party at any time within thirty days after the

Indemnified Party has given notice of the Third Party Claim; provided, however, that the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim; provided that if the Indemnified Party in good faith believes that a conflict of interest exists between it and the Indemnifying Party, then the Indemnifying Party shall pay such cost of separate co-counsel.

(iii) So long as the Indemnifying Party has assumed and is conducting the defense of the Third Party Claim in accordance with Section 4.1(d)(ii) above, (A) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party (not to be withheld unreasonably) unless the judgment or proposed settlement involves only the payment of money damages by the Indemnifying Party and does not impose an injunction or other equitable relief upon the Indemnified Party and (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without prior written consent of the Indemnifying Party (not to be withheld unreasonably).

(iv) In the event none of the Indemnifying Parties assumes and conducts the defense of the Third Party Claim in accordance with Section 4.1(d)(ii) above, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment or enter into any settlement with respect to, the Third Party Claim in any manner it reasonably may deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith) and (B) the Indemnifying Party will remain responsible for any Losses the Indemnified Party may suffer resulting from, arising out of, relating to, or caused by the Third Party Claim to the fullest extent provided in this Section 4.1.

(e) Survival of Indemnity; Termination. For the purposes of this indemnification provision, all covenants, agreements, representations and warranties made by the parties herein shall be considered to have been relied upon by the other party and shall survive the termination of the Collaboration, the sale and purchase of the Warrant and the Warrant Shares and any disposition thereof, and shall remain in full force until the second anniversary of the termination of the Collaboration (the "Termination Date") except with respect to any indemnification in connection with a notice from the Indemnified Party which is properly submitted in accordance with this Section 4.1 prior to the Termination Date, in which case such provisions shall survive until such claim is finally determined and paid in full.

(f) Insurance.

(i) SeraCare shall maintain the SeraCare Insurance Policies in

force at all times during the term of this Agreement in the forms and amounts set forth on Schedule 3.1(1) hereto. Within 10 business days of the date of this Agreement, SeraCare shall provide to Quest Diagnostics certificates of insurance for each type of insurance, which certificates shall specify that Quest Diagnostics is a named insured, and shall receive no less than 30 days' notice of cancellation, nonrenewal or material change in such policy or policies. SeraCare shall maintain such insurance coverage and bonding with a nationally recognized insurance company, throughout the term of this Agreement, and thereafter until the Termination Date. It is expressly understood and agreed that Quest Diagnostics does not in any way represent that the above specified limits of liability or policy forms are sufficient or adequate to protect SeraCare's interests or liabilities.

(ii) Quest Diagnostics shall maintain the Quest Diagnostics Insurance Policies in force at all times during the term of this Agreement in the forms and amounts set forth

on Schedule 3.2(m) hereto. Within 10 business days of the date of this Agreement, Quest Diagnostics shall provide to SeraCare certificates of insurance for each type of insurance, which certificates shall specify that SeraCare is a named insured, and shall receive no less than 30 days' notice of cancellation, nonrenewal or material change in such policy or policies. Quest Diagnostics shall maintain such insurance coverage and bonding with a nationally recognized insurance company, throughout the term of this Agreement, and thereafter until the Termination Date. It is expressly understood and agreed that SeraCare does not in any way represent that the above specified limits of liability or policy forms are sufficient or adequate to protect Quest Diagnostics' interests or liabilities.

ARTICLE V
OTHER AGREEMENTS

Section 5.1 Expansion of the Businesses. SeraCare covenants and agrees to exercise its reasonable business efforts to expand the Disease State Positive Sera Business, the Disease State Negative Sera Business and the Specimen Remnant Business customer base and to promote actively such businesses though marketing and sales efforts.

Section 5.2 Satisfactory Capabilities. SeraCare covenants and agrees to use its commercially reasonable best efforts to maintain Satisfactory Capabilities, including, if appropriate, by opening draw centers approved for disease state plasma collection in Wilmington, Delaware, and Providence, Rhode Island in calendar year 2001; and the parties shall confer and evaluate from time to time regarding whether the opening of additional SeraCare plasma

donation facilities would be appropriate and cost effective in connection with the success of the Collaboration. In particular, the parties shall confer and consider the appropriateness of opening a center in the Midwest. SeraCare covenants and agree to conduct all operations at its collection facilities in accordance with Applicable Law.

Section 5.3 Customer Certifications. SeraCare shall ensure that all customers to whom specimen remnants are provided have made, on or before the date of such shipment, the certifications set forth on Exhibit C hereto and SeraCare shall promptly inform Quest Diagnostics if it becomes aware of any reason Quest Diagnostics should not rely on such certifications.

Section 5.4 Continuing Obligation. For so long as this Agreement is in effect, each party shall promptly inform the other of (a) the occurrence of any event, violation or other matter that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and (b) upon receipt of notice from any Governmental Agency to the effect that any such party is (or that the manner in which it conducts its business or the business of the Collaboration is) in violation of any Applicable Law.

Section 5.5 Quest Diagnostics Director. SeraCare covenants and agrees to take all necessary and appropriate steps to effect the election of the Quest Diagnostics Director, including the inclusion of the designated Quest Diagnostics Director as part of the management recommended slate of directors presented at any regular or special meeting of the stockholders of SeraCare at which directors of SeraCare are to be elected. Prior to such election, or in the event that such election does not occur or the Quest Diagnostics Director is removed from the

SeraCare board of directors, the designated Quest Diagnostics nominee shall be entitled to be an observer at the meetings of SeraCare's board of directors and all committees thereof. "Quest Diagnostics Director" means a person, reasonably satisfactory to SeraCare, appointed by Quest Diagnostics to serve on SeraCare's board of directors; provided, however, that there shall be no more than one Quest Diagnostics Director serving on SeraCare's board of directors at any time during the term of the Collaboration.

Section 5.6 Intellectual Property. As between the parties, each shall have an equal undivided interest in any intellectual property jointly created in the course of the Collaboration, except to the extent that any such jointly owned intellectual property constitutes or contains Confidential Information (as defined below) of any party, in which case, such intellectual property shall remain the sole property of the Disclosing Party (as defined below). Neither party shall exploit such jointly owned intellectual property

other than for internal use without the prior, written consent of the other, and each party shall share equally in any revenue or proceeds received by either with respect thereto. To the extent necessary, the parties shall grant each other non-exclusive, limited licenses to use each others names and trademarks in connection with pre-approved joint marketing materials.

Section 5.7 Patient Data. Each party agrees that all patient-related information, including any derivatives resulting from the manipulation or compilation thereof ("Patient Data") are Confidential Information (as defined herein) and each party agrees it shall not disclose or utilize individual laboratory test information or other Patient Data in any way that would violate any patient confidentiality obligations or any Applicable Law. All Patient Data shall be owned by Quest Diagnostics and not by SeraCare. SeraCare shall not, for itself or any other Person, aggregate, integrate, compile, regenerate, merge, manipulate or otherwise use the Patient Data for any purposes, including to derive revenue therefrom, and shall not provide the Patient Data to any other person or entity, other than as specifically required or allowed under the terms of this Agreement, without the prior written consent of Quest Diagnostics. SeraCare agrees that Patient Data cannot be aggregated for any third party for any purpose, without Quest Diagnostics' prior written consent. If SeraCare is served with a warrant, subpoena, order or request from a court of competent jurisdiction, administrative agency or other governmental body or any other entity or person for any Patient Data, records, or files related thereto, SeraCare shall as soon as practicable, and not in violation of Applicable Law, deliver to Quest Diagnostics a copy of such warrant, subpoena, order or request and shall not, without Quest Diagnostics' prior written consent, which shall not be unreasonably withheld or delayed, accede to the same unless and until required to do so under Applicable Law. Without limiting the foregoing, SeraCare agrees that it shall limit the SeraCare employees, agents and contractors who have access to any Patient Data, if any, to only those employees, agents and contractors of SeraCare "with a need to know" as is required to perform the SeraCare obligations hereunder in accordance with the highest level of professionalism and SeraCare's established and maintained security measures, which shall be subject to audit from time to time by Quest Diagnostics in the same manner as set forth in Section 2.5 hereof.

Section 5.8 Confidential Information of the Parties.

(a) Without limiting the foregoing, and in addition to the Patient Data provisions stated above, any and all trade secrets and confidential information and all physical

embodiments thereof ("Confidential Information") received by either party and its authorized agents (the "Receiving Party") from the other party and its authorized agents (the "Disclosing Party") during the Term of this Agreement are confidential to, and are and shall remain the sole and exclusive property of,

the Disclosing Party. Confidential Information shall also include all other forms of information designated as Confidential Information in this Agreement. Each party shall cause its employees and authorized agents to be bound by the Confidential Information provisions of this Agreement.

(b) At all times, both during the Term of this Agreement and after its termination, the Receiving Party shall hold all Confidential Information of the Disclosing Party in confidence, and shall not use, commercialize, copy or disclose such Confidential Information, or any physical embodiment thereof, or cause any of such Confidential Information to lose its character or cease to qualify as Confidential Information.

(c) Confidential Information shall be maintained under secure conditions by the Receiving Party, using reasonable security measures (1) not less than the same security measures used by the Receiving Party for the protection of its own Confidential Information of a similar kind; and (2) required by this Agreement or by Applicable Law. Within thirty days after termination of this Agreement, the Receiving Party shall deliver to the Disclosing Party all of the Disclosing Party's Confidential Information, and all physical embodiments thereof, then in the custody, control or possession of the Receiving Party; provided that the Receiving Party shall be entitled to keep a copy thereof solely for archival or litigation purposes.

(d) Subject to the provisions of Section 5.7, if the Receiving Party is requested or ordered by a court of competent jurisdiction, administrative agency, or other governmental body to disclose Confidential Information, or if it is served with or otherwise becomes aware of a motion or similar request that such an order be issued, then the Receiving Party shall not be liable to the Disclosing Party for disclosure of Confidential Information or Confidential Information required by such order if the Receiving Party provides reasonable prior written notice of such disclosure and reasonably cooperates with the efforts of the Disclosing Party, at the Disclosing Party's expense, to protect the confidentiality of such Confidential Information.

(e) Confidential Information shall exclude information that (i) was known to the Receiving Party prior to its first receipt from the Disclosing Party; or (ii) at any time becomes a matter of public knowledge without any fault of the Receiving Party; or (iii) is at any time lawfully received by the Receiving Party from a third party under circumstances permitting its disclosure to others; or (iv) is independently developed by the Receiving Party as evidenced by the Receiving Party's records; or (v) is at any time furnished to a third party by the Disclosing Party without restriction on use or disclosure; or (vi) is approved for release by written authorization of the Disclosing Party. The Receiving Party shall bear the burden of showing that any of the foregoing exclusions applies to any information or materials.

(f) Each party shall cooperate with the other in the protection of Confidential Information. Each party acknowledges and agrees that any breach or threatened breach of these obligations of confidentiality is a material breach of this Agreement, and the non-breaching party will suffer irreparable harm and injury which may not be adequately compensated by monetary damages.

Accordingly, in the event of a breach or threatened breach, in addition to any other

remedies provided for in this Agreement or at law, the non-breaching party shall be entitled to seek preliminary and final injunctive relief and any other equitable remedies it may have.

Section 5.9 Non-solicitation of Employees. Quest Diagnostics agrees that, during the Term of this Agreement and for a period of twelve months thereafter, it shall not directly or indirectly through others solicit for employment or hire any employee of Western States Group, Inc. who is exempt from the provisions of the Fair Labor Standards Act. SeraCare agrees that, during the Term of this Agreement and for a period of twelve months thereafter, it shall not directly or indirectly through others solicit for employment or hire any employee of Quest Diagnostics involved in the Collaboration who is exempt from the provisions of the Fair Labor Standards Act. Each party agrees that with respect to any other employee of the other party, it shall not directly or indirectly through others solicit for employment such employees; provided, however, that nothing in this Section 5.9 shall be construed to prohibit the employment by one party of any person not specified in the first two sentences of this Section 5.9 who is currently or formerly employed by the other party if such person responds to a general solicitation employment advertisement placed in the ordinary course of business and not particularly directed at the employees of the other party.

Section 5.10 Compliance with Law.

(a) Each party shall at all times conduct its operations in compliance with Applicable Law and the parties shall immediately cease all activities in connection with any part of the Collaboration that is prohibited, or becomes prohibited, by Applicable Law. The parties acknowledge that due to the regulated nature of the Collaboration, the Collaboration may be impacted by Applicable Law, including the Federal Food, Drug and Cosmetic Act and the Public Health Service Act and the regulations promulgated thereunder, the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations (final, or to the extent generally applied in the industry, proposed) promulgated thereunder ("HIPAA"), and all state and local statutes addressing privacy and security of healthcare information and the Balanced Budget Act of 1997, P.L. 105-23, as amended, and regulations promulgated thereunder ("BBA"). The parties mutually agree to make any necessary changes to the way in which the Collaboration is conducted as may be directed by Quest Diagnostics and required for compliance with Applicable Law. When the proposed HIPAA security regulations are finalized, the parties shall negotiate in good faith for a period of thirty days the terms of a "Chain of Trust Agreement" as may be required by law, and prior to the required implementation date in the final HIPAA privacy regulations, the parties shall negotiate in good faith for a

period of thirty days the terms of a "Business Associate Contract" as may be required by law. If no agreement can be reached at the relevant time, as the case may be, the matter will be resolved by the Project Committee as set forth in Section 2.1.

(b) Notice of Laws Implementation Plan. If Quest Diagnostics determines that a Law is potentially an Applicable Law, Quest Diagnostics shall provide SeraCare with a written description of such Law, the time frame within which such Law must be implemented, the manner in which Quest Diagnostics believes such Law affects the Collaboration and what changes in the operation of the Collaboration Quest Diagnostics believes may be required ("Regulation Notice"). Within thirty days after receiving a Regulation Notice from Quest Diagnostics, SeraCare shall develop a written plan for the implementation of the Law described

therein within the applicable time frame and a statement of the cost for such implementation ("Implementation Plan") and provide a copy of the Implementation Plan to Quest Diagnostics for review, comment and approval. After incorporating comments from Quest Diagnostics (if any) and receiving Quest's direction and approval to proceed, SeraCare shall promptly implement the Implementation Plan and shall perform all operations related to the Collaboration in accordance with the Implementation Plan.

(c) Confidentiality. Any Regulation Notices and Implementation Plans prepared and provided hereunder shall be deemed to be Confidential Information of Quest Diagnostics or SeraCare as the case may be.

Section 5.11 Meridian Contract. The parties shall proceed in good faith to execute and deliver as promptly as possible after the date of this Agreement, an agreement (mutually satisfactory to Quest Diagnostics and SeraCare) between Quest Diagnostics and Meridian, and a mutually satisfactory subcontract to SeraCare of such agreement.

ARTICLE VI
TAX MATTERS

All tax matters will be handled as set forth in Schedule A to this Agreement which shall be part of this Agreement for all purposes, as amended by the parties from time to time.

ARTICLE VII
TERM AND TERMINATION

Section 7.1 The Agreement shall have an initial term of five years, and shall thereafter be automatically renewed for successive one-year terms unless terminated by a party in writing prior to the end of the initial term or any of the successive terms. Notwithstanding the foregoing, SeraCare shall have the right to terminate this Agreement if any of the conditions set forth in Section 7.2 shall occur and Quest Diagnostics shall have the right to terminate this Agreement if any of the conditions set forth in Section 7.3 shall occur.

Section 7.2 SeraCare shall have the right to terminate this Agreement in the event:

(a) of a deadlock of the Executive Committee on any matter regarding costs, revenues, business practices and operations or compliance with Applicable Law;

(b) of any event that in the opinion of SeraCare has the effect of materially damaging SeraCare's reputation;

(c) that the Collaboration does not yield at least *** of Net Revenue in any calendar year;

(d) of a Change in Control of Quest Diagnostics or upon the consummation of a transaction following which a competitor of one party holds at least 30% of Quest Diagnostics on a voting or economic basis;

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*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

(e) of a change of law or regulation that has the effect of materially restricting the Collaboration or any party's participation therein;

(f) that the Actual Profit to SeraCare from the Collaboration is *** during any six-month period during the term of the Agreement; "Actual Profit" means any party's allocated share of Net Revenue plus reimbursements to such party of Chargeable Costs minus all Collaboration related costs incurred by such party;

(g) of an event of bankruptcy or insolvency of Quest Diagnostics; or

(h) the breach by Quest Diagnostics of any material provision of this Agreement, provided that SeraCare has given written notice to Quest Diagnostics of the breach and afforded a thirty-day cure period.

Section 7.3 Quest Diagnostics shall have the right to terminate this Agreement in the event:

(a) of a deadlock of the Executive Committee on any matter regarding costs, revenues, business practices and operations or compliance with Applicable

Law;

(b) of any event that in the opinion of Quest Diagnostics has the effect of materially damaging Quest Diagnostics' reputation;

(c) that the Collaboration does not yield at least *** of Net Revenue in any calendar year;

(d) of a Change in Control of SeraCare or upon the consummation of a transaction following which a competitor of one party holds at least 30% of SeraCare on a voting or economic basis;

(e) of a change of law or regulation that has the effect of materially restricting the Collaboration or any party's participation therein;

(f) that the Actual Profit to Quest Diagnostics from the Collaboration is *** during any six-month period during the term of the Agreement;

(g) of an event of bankruptcy or insolvency of SeraCare; or

(h) the breach by SeraCare of any material provision of this Agreement, provided that Quest Diagnostics has given written notice to SeraCare of the breach and afforded a thirty-day cure period. For the avoidance of doubt, SeraCare's failure to maintain Satisfactory Capabilities would be a breach of a material provision of this Agreement.

Section 7.4 Effect of Termination. In the event of termination of this Agreement, the parties shall jointly develop a plan for the appropriate settlement of inventory

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*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

existing at the time of termination and appropriate mechanics regarding other aspects of winding down the business.

Section 7.5 Survival. The obligations set forth in Sections 4.1, 5.5, 5.6 5.7, 5.8, 5.9, 7.4, 7.5 and 8.10 and any provision of Article VI which by its terms so requires, shall survive the expiration or termination of this Agreement.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Certain Definitions; Interpretations.

(a) Capitalized terms used herein and not otherwise defined shall have the meanings set forth below.

"Affiliate" when used with respect to a specified Person, means another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified.

"Applicable Law" shall mean any statute, law, ordinance, regulation, requirement, order or rule of any Governmental Authority or of any other type of regulatory body, or any governmental or administrative interpretation of any thereof (each, a "Law"), including, without limitation, (i) requirements imposed by any governmental or regulatory body which must be satisfied to qualify for Medicare, Medicaid or other health care program reimbursements, and (ii) any and all federal, state and local health care laws, including but not limited to, those laws relating to or covering the methods and ways in which clinical laboratory electronic data information services and other related or incidental services or benefits, if any, are provided to the Providers, the federal Physician Self-Referral Law, 42 U.S.C. Section 1395bb, and the regulations promulgated thereunder (together, the "Stark Law"), similar state physician self-referral laws and regulations (together with the Stark Law, the "Self-Referral Laws"), the Federal Health Care Program Anti-Kickback Law and regulations promulgated thereunder (the "Federal Anti-Kickback Law"), and similar state antikickback laws and regulations (together with the Federal Anti-Kickback Law, the "Anti-Kickback Laws"), the Clinical Laboratory Improvements Act of 1967, as amended, the Federal Food, Drug and Cosmetic Act, as amended, the Public Health Service Act, as amended, HIPAA and BBA, and Federal Aviation Administration regulations, any (IATA) requirements, in each case, having any applicability to the operation of the Collaboration. "Regulatory Change" means any circumstance in which any Federal Health Care Program (as defined under applicable law, including the Medicare and Medicaid programs), payment policy, or rule or policy of any third-party payor, or any other applicable law or policy, or any interpretation thereof, at any time during the term is modified, implemented, threatened to be implemented, or determined to prohibit, restrict or in any way materially change the payment or other terms of this Agreement, or by virtue of the existence of this Agreement has or will have a material adverse affect on the ability of either party to this Agreement to engage in any

commercial activity on terms at least as favorable to that party as those reasonably attributable as of the Effective Date.

"Bad Debts" means the portion of the accounts receivable of the Collaboration determined by the Project Committee to be uncollectible net of any such amounts actually collected.

"Change in Control" shall be deemed to have occurred as of the first day

that any one or more of the following conditions shall have occurred: (i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act")), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act) directly or indirectly, of securities representing more than 50% of the total voting power represented by SeraCare's or Quest Diagnostics', as the case may be, then outstanding voting securities; (ii) the shareholders of SeraCare or Quest Diagnostics, as the case may be, shall have approved a recapitalization, reorganization, merger, consolidation or similar transaction, in each case, with respect to which all or substantially all the persons who were the respective beneficial owners of the outstanding shares of capital stock of SeraCare or Quest Diagnostics, as the case may be, immediately prior to such recapitalization, reorganization, merger or consolidation, will directly or indirectly beneficially own less than 50% of the combined voting power of the then outstanding shares of capital stock of SeraCare or Quest Diagnostics, as the case may be, resulting from such recapitalization, reorganization, merger, consolidation or similar transaction; or (iii) the shareholders of SeraCare or Quest Diagnostics, as the case may be, shall have approved the sale or other disposition of all or substantially all the capital stock of SeraCare or Quest Diagnostics, as the case may be, or substantially all of the assets of SeraCare or Quest Diagnostics, as the case may be, in one transaction or in a series of related transactions.

"Chargeable Costs" means, (i) for SeraCare, Costs in any calendar year up to an aggregate amount equal to *** of gross revenues of the Collaboration for such calendar year; provided that within such annual cap, SeraCare Costs up to an amount equal to *** of gross revenues for any calendar month may be applied against gross revenues in such calendar month and (ii) for Quest Diagnostics, Costs in any calendar year up to an aggregate amount equal to *** of gross revenues of the Collaboration for such calendar year; provided that within such annual cap, Quest Diagnostics Costs up to an amount equal to *** of gross revenues for any calendar month may be applied against gross revenues in such calendar month (it being understood that, with respect to either party, Costs within an applicable annual cap but over the applicable monthly cap may be rolled over to any subsequent month).

"Costs" means. Variable Costs and Support Costs collectively, each as defined below.

"Dedicated Employee" means any employee of either Quest Diagnostics or SeraCare who spends all or a portion of his or her time on behalf of the Collaboration whose names are set forth on Schedule I hereto, which schedule shall be reviewed and amended from time to time by the Project Committee.

_____

*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

"Governmental Authority" means any government, court, administrative agency

or commission or other governmental agency, authority or instrumentality, domestic or foreign, of competent jurisdiction.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, charge, security interest, easement, covenant, right of way, restriction, equity or encumbrance of any nature whatsoever in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Material Adverse Effect" means, with respect to either party, any change in or effect on the business of such party that is or could reasonably be expected to be materially adverse to the business, operations, properties (including intangible properties), condition (financial or otherwise), results of operations, assets, liabilities, regulatory status or prospects of such party or the Collaboration.

"Net Revenue" for any calendar month means: (a) gross revenue of the Collaboration invoiced in such month (including (x) any invoiced Costs and (y) any milestone, royalty or other payments received from third parties) less (but not below zero) (b) the sum of (1) Chargeable Costs for such month, as determined or adjusted in accordance with Section 2.3, (2) refunds related to rejection of non-conforming product made in such month, (3) Bad Debts incurred or recognized in such month and (4) Partnership Tax Costs for such month.

"Partnership Tax Costs" shall mean any direct expenses, other than Support Costs, incurred by the Tax Matters Partner (i) to prepare, to circulate among the Partners, and to file a Partnership Tax Return in accordance with Schedule A, (ii) to furnish information to the other Partner regarding (and, to the extent approved by the Project Committee, to respond to) any inquiries, investigations, examinations or audits with respect to such Partnership Tax Return by any Tax authority, (iii) to maintain Tax records in accordance with Section 4.3 of Schedule A of this Agreement, or (iv) as approved by the Project Committee from time to time. For clarification purposes, Partnership Tax Costs shall not include any amounts that would qualify as Support Costs regardless of whether the Collaboration is treated as a partnership for Tax purposes, such as accounting or legal fees associated with the determination of Chargeable costs, Net Revenue, the amount of any distributions required to be made under the Agreement, or any other determinations that would be required to be made regardless of whether the Collaboration is treated as a partnership for Tax purposes. However, such term may include any additional accounting expenses (that is, in excess of accounting fees described in the preceding sentence) incurred solely to prepare, circulate, or file the Partnership Tax Return.

"Partnership Tax Return" shall mean a federal or, if applicable, State or local, Tax return required to be filed by the Partnership, including, but not limited to, IRS Form 1065 and the associated Schedules K-1, and, if applicable, any similar State or local Tax return.

"Permitted Investments" means (i) securities backed by the full faith and

credit of the United States of America, (ii) short-term commercial paper rated at least A-1 by S&P and P-1 by Moodys and (iii) interest bearing deposits at a commercial bank whose short-term obligations

(or, in the case of a commercial bank in a holding company system, such holding company's short term obligations) are rated at least A-1 by S&P and P-1 by Moodys (in each case with a maturity no longer than the last business day of the calendar month in which such investment is made).

"Person" means any individual, firm, corporation, partnership, limited liability company, trust, joint venture, Governmental Authority or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Support Costs" means, to the extent documented as required by this Agreement, (i) a pro rata share of cost, including salary, payroll taxes, benefits programs, and sales commissions of any Dedicated Employee; (ii) all billing, collection, accounting, legal (to the extent incurred after the date of the Agreement or as otherwise agreed to in writing by the parties) and marketing costs related to the Collaboration; and (iii) all other costs mutually agreed by the Project Committee from time to time.

"Tax" or "Taxes" means any federal, state or local income, franchise, unincorporated business or similar tax that is based upon, measured by, or calculated with respect to net income or profits, including any interest or penalties relating to such taxes. In the event that the Project Committee authorizes international operations pursuant to Section 1.5, such term shall also include foreign taxes imposed with respect to such international operations to the extent provided by the Project Committee.

"Variable Costs" means, to the extent documented as required by this Agreement (i) fees paid to patient donors, including, donor fees, travel and accommodation costs associated with patient donor travel to plasma collection stations; (ii) referral fees paid to alternative providers of alternative services; (iii) SeraCare standard draw site collection fee of *** per donation; (iv) Quest Diagnostics business unit laboratory support costs of *** per remnant specimen; (v) the direct cost (excluding overhead) of screening and testing (including validation testing performed by Quest Diagnostics on sera pursuant to Section 1.6 hereof), qualifying and processing the plasma collected; and (vi) all direct costs (excluding overhead) incurred by reason of storing, shipping, controlling, packaging and processing the plasma, including freight charges, sales taxes, and standard insurance charges.

(b) Except as otherwise expressly provided in this Agreement, the following rules of interpretation apply to this Agreement: (i) the singular includes the plural and the plural includes the singular; (ii) "or" and "either" are not exclusive and "include" and "including" are not limiting; (iii) a reference to any agreement or other contract includes permitted supplements and amendments; (iv) a reference to a law includes any amendment or modification to

such law and any rules or regulations issued thereunder; (v) a reference to generally accepted accounting principles refers to United States generally accepted accounting principles; (vi) a reference in this Agreement to an Article, Section, Annex, Exhibit or Schedule is to the Article, Section, Annex, Exhibit or Schedule of this Agreement; and (vii) capitalized terms used and not defined in the Annexes, Exhibits or Schedules attached to this Agreement shall have the meanings set forth in this Agreement.

_____
*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

(c) Whenever any party makes any representation, warranty or other statement to such party's knowledge, such party will be deemed to have made due inquiry, including due inquiry by any officer or director of such party, into the subject matter of such representation, warranty or other statement.

Section 8.2 Relationship; Nonexclusive Engagement. SeraCare acknowledges that it is an independent contractor and not an agent, employee or representative of Quest Diagnostics and that neither it nor its personnel is entitled to any Quest Diagnostics' employment rights or benefits including, but not limited to, workers' compensation insurance, disability insurance or any other employee benefits available to Quest Diagnostics employees. This Agreement shall not create any partnership or joint venture between the parties, except to the extent required by law and contemplated by Schedule A hereto.

Section 8.3 Assignment. Neither party shall subcontract, assign or otherwise transfer (by operation of law or otherwise) any portion of its obligations without the prior, written approval of the other party.

Section 8.4 Entire Agreement, Section Headings. This Agreement sets forth the entire understanding of the parties as to the subject matter covered herein. It supersedes all prior proposals, agreements, understandings, representations and conditions. It may not be changed or amended except by a writing signed on behalf of both parties. Section headings contained in this Agreement are for reference purposes only and shall not affect, in any way, the meaning and interpretation of this Agreement.

Section 8.5 Force Majeure. Neither party shall be liable to the other for failure or delay in the performance of a required obligation if such failure or delay is caused (i) solely by the actions or omissions of the other party, or (ii) by an act of any federal, state or local governmental authority, act of God, strike, riot, fire, flood, lightning, electrical power failure, natural disaster or other similar cause beyond its control. Each party shall immediately provide written notice to the other of any such condition. Either

party may terminate this Agreement due to such condition if such force majeure continues for a period of forty-five days.

Section 8.6 Severability. If any provision of this Agreement is found to be invalid, illegal or unenforceable, in whole or in part, by a court of competent jurisdiction, the validity, legality and enforceability of the remaining portion of such provision, and all other provisions shall in no way be affected or impaired thereby.

Section 8.7 Notices. Any notices relating to this Agreement shall be in writing and be sent by overnight courier service addressed to the party or at such different address as a party has advised to the other party in writing and shall be deemed given and received when actually received. A copy of any notice to Quest Diagnostics shall also include a notice to its General Counsel, at the same address.

Section 8.8 Waivers. Waivers, to be binding, must be in writing and signed by the party whose right is waived. No waiver of the terms of this Agreement or failure by either party to exercise any option, right or privilege on any occasion or through the course of dealing

shall be construed to be a waiver of the same or any other provision or right on any other occasion.

Section 8.9 Governing Law. This Agreement shall be construed, interpreted and enforced under the laws of the State of Delaware, without regard to its conflict of laws provisions.

Section 8.10 Publicity; Use of Name. Except for any press release to be issued by the parties, the form of which shall be agreed prior to any issuance, neither party shall, without the prior written approval of the other party, make any press release or other public announcement concerning this Agreement or the relationship between the parties contemplated hereby. Neither party may use the name, product names, logos, or trademarks of the other party without the prior written consent of the other party.

Section 8.11 Execution in Counterparts. This Agreement and the exhibits and schedules hereto may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be

executed as of the day and year first set forth above.

QUEST DIAGNOSTICS INCORPORATED

By: /s/ Kenneth R. Finnegan
Title: Corporate Vice President,
Business Development

SERACARE, INC.

By: /s/ Barry Plost
Title: President and
Chief Executive Officer

LIST OF OMITTED SCHEDULES AND EXHIBITS

The following Schedules and Exhibits to the Collaboration Agreement have been omitted from this Exhibit and shall be furnished to the Commission upon request:

Schedule A Tax Matters

Schedule I List of Seracare and Quest Diagnostics Dedicated Employees

Exhibit	Document
C	Form of Patient Consent
D	Form of Remnant Customer Certification
E	Form of Weekly Donor Activity Report

Exhibit 10.7

STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE - GROSS
AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION

1. Basic Provisions ("Basic Provisions").

1.1 Parties: This Lease ("Lease"), dated for reference purposes only, April 16, 1998, is made by and between Del Oro Gateway Partners, L.P. ("Lessor") and The Western States Group, Inc. ("Lessee") (collectively the "Parties," or individually a "Party").

1.2 (a) Premises: That certain portion of the Building, including all improvements therein or to be provided by Lessor under the terms of this Lease, common known by the street address of 4095 Calle Platino, Suite F, located in the City of Oceanside, County of San Diego, State of California, with zip code 92056, as outlined on Exhibit B attached hereto ("Premises"). The "Building" is that certain building containing the Premises and generally described as (describe briefly the nature of the Building): an office/industrial building which is part of a 33,000 square foot project known as the Del Oro Gateway Commerce Centre. Suite F is approximately 5,038 square feet. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, exterior walls or utility raceways on the Building or to any other buildings in the Industrial Center. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Industrial Center." (Also see Paragraph 2.)

1.2 (b) Parking: Fifteen (15) unreserved vehicle parking spaces ("Unreserved Parking Spaces"); and zero (0) reserved vehicle parking spaces ("Reserved Parking Spaces"). (Also see Paragraph 2.6.)

1.3 Term: 5 years and 0 months ("Original Term") commencing August 1, 1998 ("Commencement Date") and ending July 31, 2003 ("Expiration Date"). (Also see Paragraph 3.)

1.4 Early Possession: N/A ("Early Possession Date"). (Also see Paragraphs 3.2 and 3.3.)

1.5 Base Rent: $3,224.32 per month ("Base Rent"), payable on the 1/st/ day of each month commencing August 1, 1998. (Also see Paragraph 4.)

[X] If this box is checked, this Lease provides for the Base Rent to be adjusted per Addendum _____ attached hereto.

1.6 (a) Base Rent Paid Upon Execution: $3,224.32 as Base Rent for the period August 1998.

1.6 (b) Lessee's Share of Common Area Operating Expenses: Fifteen & 3/10 percent (15.3%) ("Lessee's Share") as determined by [X] pro rata square footage of the Premises as compared to the total square footage of the Building or [_] other criteria as described in Addendum _____.

1.7 Security Deposit: $3,500.00 ("Security Deposit"). (Also see Paragraph 5.)

1.8 Permitted Use: Offices, warehousing and manufacturing of medical related products ("Permitted Use"). (Also see Paragraph 6.)

1.9 Insuring Party: Lessor is the "Insuring Party." (Also See Paragraph 8.)

1.10 (a) Real Estate Brokers. The following real estate broker(s) (collectively, the "Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check applicable boxes):

[X] Business Real Estate Brokerage Co. represents Lessor exclusively ("Lessor's Broker");
[X] Lee & Associates represents Lessee exclusively ("Lessee's Broker"); or
[_] _____ represents both Lessor and Lessee ("Dual Agency"). (Also see Paragraph 15.)

1.10 (b) Payment to Brokers. Upon the execution of this Lease by both Parties, Lessor shall pay to said Broker(s) jointly, or in such separate shares as they may mutually designate in writing, a fee as set forth in a separate written agreement between Lessor and said Broker(s) (or in the event there is no separate written agreement between Lessor and said Broker(s), the sum of $_____ (per agreement) for brokerage services rendered by said Broker(s) in connection with this transaction.

1.11 Guarantor. The obligations of the Lessee under this Lease are to be guaranteed by N/A . ("Guarantor"). (Also see Paragraph 37.)

1.12 Addenda and Exhibits. Attached hereto is an Addendum or Addenda consisting of Paragraphs 49 through 56, and Exhibits A through D, all of which constitute a part of this Lease.

2. Premises, Parking and Common Areas.

2.1 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of square footage set forth in this Lease, or that may have been used in calculating rental and/or Common Area Operating Expenses, is an approximation which Lessor and Lessee agree is reasonable and the rental and Lessee's Share (as defined in Paragraph 1.6(b)) based thereon is not subject to revision whether or not the actual square footage is more or less.

2.2 Condition. Lessor shall deliver the Premises to Lessee clean and free of debris on the Commencement Date and warrants to Lessee that the existing plumbing, electrical systems, fire sprinkler systems, lighting, air conditioning and heating systems and loading doors, if any, in the Premises, other than those constructed by Lessee, shall be in good operating condition on the Commencement Date. If a non-compliance with said warranty exists as of the Commencement Date, Lessor shall, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent such non-compliance, rectify same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within thirty (30) days after the Commencement Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense.

2.3 Compliance with Covenants, Restrictions and Building Code. Lessor warrants that any improvements (other than those constructed by Lessee or at Lessee's direction) on or in the Premises which have been constructed or installed by Lessor or with Lessor's consent or at Lessor's direction shall comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances in effect on the Commencement Date. Lessor further warrants to Lessee that Lessor has no knowledge of any claim having been made by any governmental agency that a violation or violations of applicable building codes, regulations, or ordinances exist with regard to the Premises as of the Commencement Date. Said warranties shall not apply to any Alterations or Utility Installations (defined in Paragraph 7.3(a)) made or to be made by Lessee. If the Premises do not comply with said warranties, Lessor shall, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee given within six (6) months following the

Commencement Date and setting forth with specificity the nature and extent of such non-compliance, take such action, at Lessor's expense, as may be reasonable or appropriate to rectify the non-compliance. Lessor makes no warranty that the Permitted Use in Paragraph 1.8 is permitted for the premises under Applicable Laws (as defined in Paragraph 2.4).

2.4 Acceptance of Premises. Lessee hereby acknowledges: (a) that it has been advised by the Broker(s) to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical and fire sprinkler systems, security, environmental aspects, seismic and earthquake requirements, and compliance with the Americans with Disabilities Act and applicable zoning, municipal, county, state and federal laws, ordinances and regulations and any covenants or restrictions of record (collectively, "Applicable Laws") and the present and future suitability of the Premises for Lessee's intended use; (b) that Lessee has made such investigation as it deems necessary with reference to such matters, is satisfied with reference thereto, and assumes all responsibility therefore as the same relate to Lessee's occupancy of the Premises and/or the terms of this Lease; and (c) that neither Lessor, nor any of Lessor's agents, has made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease.

2.5 Lessee as Prior Owner/Occupant. The warranties made by Lessor in this Paragraph 2 shall be of no force or effect if immediately prior to the date set forth in Paragraph 1.1 Lessee was the owner or occupant of the Premises. In such event, Lessee shall, at Lessee's sole cost and expense, correct any non-compliance of the Premises with said warranties.

2.6 Vehicle Parking. Lessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time by Lessor for parking. Lessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles shall be parked and loaded or unloaded as directed by Lessor in the Rules and Regulations (as defined in Paragraph 40) issued by Lessor. (Also see Paragraph 2.9.)

(a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

(b) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(c) Lessor shall at the Commencement Date of this Lease, provide the parking facilities required by Applicable Law.

2.7 Common Areas -- Definition. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Industrial Center and interior utility raceways within the Premises that are provided and designated by Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other lessees of the Industrial Center and their respective employees, suppliers, shippers,

customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways and landscaped areas.

2.8 Common Areas -- Lessee's Rights. Lessor hereby grants to Lessee, for

the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Industrial Center. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 Common Areas -- Rules and Regulations. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable Rules and Regulations with respect thereto in accordance with Paragraph 40. Lessee agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said rules and regulations by other lessees of the Industrial Center.

2.10 Common Areas -- Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Industrial Center to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alternations to the Industrial Center, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Industrial Center as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 Early Possession. If an Early Possession Date is specified in Paragraph 1.4 and if Lessee totally or partially occupies the Premises after the Early Possession Date but prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such early occupancy. All other terms of this Lease, however (including but not limited to the obligations to pay Lessee's Share of Common Area Operating Expenses and to carry the insurance required by Paragraph 8), shall be in effect during such period. Any such early possession shall not affect nor advance the Expiration Date of the Original Term.

3.3 Delay in Possession. If for any reason Lessor cannot deliver possession of the Premises to Lessee by the Early Possession Date, if one is specified in Paragraph 1.4, or if no Early Possession Date is specified, by the Commencement Date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease, or the obligations of Lessee hereunder, or extend the term hereof, but in such case, Lessee shall not,

except as otherwise provided herein, be obligated to pay rent or perform any other obligation of Lessee under the terms of this Lease until Lessor delivers possession of the Premises to Lessee. If possession of the Premises is not delivered to Lessee within sixty (60) days after the Commencement Date, Lessee may, at its option, by notice in writing to Lessor within ten (10) days after the end of said sixty (60) day period, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided further, however, that if such written notice of Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect. Except as may be otherwise provided, and regardless of when the Original Term actually commences, if possession is not tendered to Lessee when required by this Lease and Lessee does not terminate this Lease, as aforesaid, the period free of the obligation to pay Base Rent, if any, that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to the period during which the Lessee would have otherwise enjoyed under the terms hereof, but minus any days of delay caused by the acts, changes or omissions of Lessee.

4. Rent.

4.1 Base Rent. Lessee shall pay Base Rent and other rent or charges, as the same may be adjusted from time to time, to Lessor in lawful money of the United States, without offset or deduction, on or before the day on which it is due under the terms of this Lease. Base Rent and all other rent and charges for any period during the term hereof which is for less than one full month shall be prorated based upon the actual number of days of the month involved. Payment of Base Rent and other charges shall be made to Lessor at its address stated herein or to such other persons or at such other addresses as Lessor may from time to time designate in writing to Lessee.

4.2 Common Area Operating Expenses. Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share (as specified in Paragraph 1.6(b)) of all Common Area Operating Expenses, as hereinafter defined, during each calendar year of the term of this Lease, in accordance with the following provisions:

(a) "Common Area Operating Expenses" are defined, for purposes of this Lease, as all costs incurred by Lessor relating to the ownership and operation of the Industrial Center, including, but not limited to, the following:

(i) The operation, repair and maintenance, in neat, clean, good order and condition, of the following:

(aa) The Common Areas, including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators and roof.

(bb) Exterior signs and any tenant directories.

(cc) Fire detection and sprinkler systems.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas.

(iii) Trash disposal, property management and security services, and the costs of any environmental inspections.

(iv) Reserves set aside for maintenance and repair of Common Areas.

(v) Any increase above the Base Real Property Taxes (as defined in Paragraph 10.2(b)) for the Building and the Common Areas.

(vi) Any "Insurance Cost Increase" (as defined in Paragraph 8.1).

(vii) The cost of insurance carried by Lessor with respect to the Common Areas.

(viii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

(ix) Any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

(b) Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Building or to any other building in the Industrial Center or to the operation, repair and maintenance thereof, shall be allocated entirely to the Building or to such other building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Industrial Center.

(c) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the industrial Center already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(d) Lessee's Share of Common Area Operating Expenses shall be payable by Lessee within ten (10) days after a reasonably detailed statement of actual expenses is presented to Lessee by Lessor. At Lessor's option, however, an amount may be estimated by Lessor from time to time of Lessee's Share of annual Common Area Operating Expenses and the same shall be payable monthly or quarterly, as Lessor shall designate, during each 12-month period of the Lease term, on the same day as the Base Rent is due hereunder. Lessor shall deliver to Lessee within sixty (60) days after the expiration of each calendar year a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses incurred during the preceding year. If Lessee's payments under this Paragraph 4.2(d) during said preceding year exceed Lessee's Share as indicated on said statement, Lessee shall be credited the amount of such over-payment against Lessee's Share of Common Area Operating Expenses next becoming due. If Lessee's payments under this Paragraph 4.2(d) during said preceding year were less than Lessee's Share as indicated on said statement, Lessee shall pay to Lessor the amount of the deficiency within ten (10) days after delivery by Lessor to Lessee of said statement.

5. Security Deposit. Lessee shall deposit with Lessor upon Lessee's execution hereof the Security Deposit set forth in Paragraph 1.7 as security for Lessee's faithful performance of Lessee's obligations under this Lease. If Lessee fails to pay Base Rent or other rent or charges due hereunder, or otherwise Defaults under this Lease (as defined in Paragraph 13.1), Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Lessor or to reimburse or compensate Lessor for any liability, cost, expense, loss or damage (including attorneys' fees) which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of said Security Deposit, Lessee shall within ten (10) days after written request therefore deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. Any time the Base Rent increases during the

term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor as an addition to the Security Deposit so that the total amount of the Security Deposit shall at all times bear the same proportion to the then current Base Rent as the initial Security Deposit bears to the initial Base Rent set forth in Paragraph 1.5. Lessor shall not be required to keep all or any part of the Security Deposit separate from its general accounts. Lessor shall, at the expiration or earlier termination of the term hereof and after Lessee has vacated the Premises, return to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest herein), that portion of the Security Deposit not used or applied by Lessor. Unless otherwise expressly agreed in writing by Lessor, no part of the Security Deposit shall be considered to be held in trust, to bear interest or other increment for its use, or to be prepayment for any monies to be paid by Lessee under this Lease.

6. Use.

6.1 Permitted Use.

(a) Lessee shall use and occupy the Premises only for the Permitted Use set forth in Paragraph 1.8, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates waste or a nuisance, or that disturbs owners and/or occupants of, or causes damage to the Premises or neighboring premises or properties.

(b) Lessor hereby agrees to not unreasonably withhold or delay its consent to any written request by Lessee, Lessee's assignees or subtenants, and by prospective assignees and subtenants of Lessee, its assignees and subtenants, for a modification of said Permitted Use, so long as the same will not impair the structural integrity of the improvements on the Premises or in the Building or the mechanical or electrical systems therein, does not conflict with uses by other lessees, is not significantly more burdensome to the Premises or the Building and the improvements thereon, and is otherwise permissible pursuant to this Paragraph 6. If Lessor elects to withhold such consent, Lessor shall within five (5) business days after such request give a written notification of same, which notice shall include an explanation of Lessor's reasonable objections to the change in use.

6.2 Hazardous Substances.

(a) Reportable Uses Require Consent. The term "Hazardous Substance" as used in this Lease shall mean any product, substance, chemical, material or waste whose presence, nature, quantity and/or intensity of existence, use, manufacture, disposal, transportation, spill, release or effect, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment, or the Premises; (ii) regulated or monitored by any governmental authority; or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substance shall include, but not be limited to, hydrocarbons, petroleum, gasoline, crude oil or any products or by-products thereof. Lessee shall not engage in any activity in or about the Premises which constitutes a Reportable Use (as hereinafter defined) of Hazardous Substances without the express prior written consent of Lessor and compliance in a timely manner (at Lessee's sole cost and expense) with all Applicable Requirements (as defined in Paragraph 6.3). "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and (iii) the presence in, on or about the Premises of a Hazardous Substance with respect to which any Applicable Laws require that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may, without Lessor's prior consent, but upon notice to Lessor and in compliance with all Applicable Requirements, use any ordinary and customary materials reasonably required to be used by Lessee in the normal course of the Permitted Use, so long as such use is not a Reportable Use and does not expose the Premises or neighboring properties to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may (but without any obligation to do so) condition its consent to any Reportable Use of

any Hazardous Substance by Lessee upon Lessee's giving Lessor such additional assurances as Lessor, in its reasonable discretion, deems necessary to protect itself, the public, the Premises and the environment against damage, contamination or injury and/or liability therefor, including but not limited to the installation (and, at Lessor's option, removal on or before Lease expiration or earlier termination) of reasonably necessary protective modifications to the Premises (such as concrete encasements) and/or the deposit of an additional Security Deposit under Paragraph 5 hereof.

(b) Duty to Inform Lessor. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises or the Building, other than as previously consented to by Lessor, Lessee shall immediately give Lessor written notice thereof, together with a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action, or proceeding given to, or received from, any governmental authority or private party concerning the presence, spill, release, discharge of, or exposure to, such Hazardous Substance including but not limited to all such documents as may be involved in any Reportable Use involving the Premises. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under or about the Premises (including, without limitation, through the plumbing or sanitary sewer system).

(c) Indemnification. Lessee shall indemnify, protect, defend and hold Lessor, its agents, employees, lenders and ground lessor, it any, and the Premises, harmless from and against any and all damages, liabilities, judgments, costs, claims, liens, expenses, penalties, loss of permits and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee or by anyone under Lessee's control. Lessee's obligations under this Paragraph 6.2(c) shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

6.3 Lessee's Compliance with Requirements. Lessee shall, at Lessee's sole cost and expense, fully, diligently and in a timely manner, comply with all "Applicable Requirements;" which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, covenants, easements and restrictions of record, permits, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants, relating in any manner to the Premises (including but not limited to matters pertaining to (i) industrial hygiene, (ii) environmental conditions on, in, under or about the Premises, including soil and groundwater conditions, and (iii) the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Substance), now in effect or which may hereafter come into effect. Lessee shall, within five (5) days after receipt of Lessor's written request, provide Lessor with copies of all documents and information, including but not limited to permits, registrations, manifests, applications, reports and certificates, evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Lessee or the Premises to comply with any Applicable Requirements.

6.4 Inspection; Compliance with Law. Lessor, Lessor's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ("Lenders") shall have the right

to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease and all Applicable Requirements (as defined in Paragraph 6.3), and Lessor shall be entitled to employ experts and/or consultants in connection therewith to advise Lessor with respect to Lessee's activities, including but not limited to Lessee's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a Default or Breach of this Lease by Lessee or a violation of Applicable Requirements or a contamination, caused or materially contributed to by Lessee, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Lessee shall upon request reimburse Lessor or Lessor's Lender, as the case may be, for the costs and expenses of such inspections.

7. Maintenance, Repairs, Utility Installations, Trade Fixtures and Alterations.

7.1 Lessee's Obligations.

(a) Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance with Covenants, Restrictions and Building Code), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole cost and expense and at all times, keep the Premises and every part thereof in good order, condition and repair (whether or not such portion of the Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, without limiting the generality of the foregoing, all equipment or facilities specifically serving the Premises, such as plumbing, heating, air conditioning, ventilating, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire hose connections if within the Premises, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights, but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2 below. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

(b) Lessee shall, at Lessee's sole cost and expense, procure and maintain a contract, with copies to Lessor, in customary form and substance for and with a contractor specializing and experienced in the inspection, maintenance and service of the heating, air conditioning and ventilation system for the Premises. However, Lessor reserves the right, upon notice to Lessee, to procure and maintain the contract for the heating, air conditioning and ventilating systems, and if Lessor so elects, Lessee shall reimburse Lessor, upon demand, for the cost thereof.

(c) If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after ten (10) days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations an Lessee's behalf, and put the Premises in good order, condition and repair, in accordance with Paragraph 13.2 below.

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance with Covenants, Restrictions and Building Code), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's

Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2 shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler and/or standpipe and hose (if located in the Common Areas) or other automatic fire extinguishing system including fire alarm and/or smoke detection systems and equipment, fire hydrants, parking lots, walkways, parkways, driveways, landscaping, fences, signs and utility systems serving the Common Areas and all parts thereof, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. Lessee expressly waives the benefit of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Building, Industrial Center or Common Areas to good order, condition and repair.

7.3 Utility Installations, Trade Fixtures, Alterations.

(a) Definitions; Consent Required. The term "Utility Installations" is used in this Lease to refer to all air lines, power panels, electrical distribution, security, fire protection systems, communications systems, lighting fixtures, heating, ventilating and air conditioning equipment, plumbing, and fencing in, on or about the Premises. The term "Trade Fixtures" shall mean Lessee's machinery and equipment which can be removed without doing material damage to the Premises. The term "Alterations" shall mean any modification of the improvements on the Premises which are provided by Lessor under the terms of this Lease, other than Utility Installations or Trade Fixtures. "Lessee-Owned Alterations and/or Utility Installations" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a). Lessee shall not make nor cause to be made any Alterations or Utility Installations in, on, under or about the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Utility Installations to the interior of the Premises (excluding the roof) without Lessor's consent but upon notice to Lessor, so long as they are not visible from the outside of the Premises, do not involve puncturing, relocating or removing the roof or any existing walls, or changing or interfering with the fire sprinkler or fire detection systems and the cumulative cost thereof during the term of this Lease as extended does not exceed $2,500.00.

(b) Consent. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. All consents given by Lessor, whether by virtue of Paragraph 7.3(a) or by subsequent specific consent, shall be deemed conditioned upon: (i) Lessee's acquiring all applicable permits required by governmental authorities; (ii) the furnishing of copies of such permits together with a copy of the plans and specifications for the Allocation or Utility Installation to Lessor prior to commencement of the work thereon: and (iii) the compliance by Lessee with all conditions of said permits in a prompt and expeditious manner. Any Alterations or Utility Installations by Lessee during the term of this Lease shall be done in a good and workmanlike manner, with good and sufficient materials, and be in compliance with) all Applicable Requirements. Lessee shall promptly upon completion thereof furnish Lessor with as-built plans and specifications therefor. Lessor may (but without obligation to do so) condition its consent to any requested Alteration or Utility Installation that costs $2,500.00 or more upon Lessee's providing Lessor with a lien and completion bond in an amount equal to one and one-half times the estimated cost of such Alteration or Utility Installation.

(c) Lien Protection. Lessee shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the Commencement of any work in, on, or about the Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense, defend and protect itself,

Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises. If Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying Lessor against liability for the same, as required by law for the holding of the Premises free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's attorneys' fees and costs in participating in such action if Lessor shall decide it is to its best interest to do so.

7.4 Ownership, Removal, Surrender, and Restoration.

(a) Ownership. Subject to Lessor's right to require their removal and to cause Lessee to become the owner thereof as hereinafter provided in this Paragraph 7.4, all Alterations and Utility Installations made to the Premises by Lessee shall be the property of and owned by Lessee, but considered a part of the Premises. Lessor may, at any time and at its option, elect in writing to Lessee to be the owner of all or any specified part of the Lessee-Owned Alterations and Utility Installations. Unless otherwise instructed per Subparagraph 7.4(b) hereof, all Lessee-Owned Alterations and Utility Installations shall, at the expiration or earlier termination of this Lease, become the property of Lessor and remain upon the Premises and be surrendered with the Premises by Lessee.

(b) Removal. Unless otherwise agreed in writing, Lessor may require that any or all Lessee-Owned Alterations or Utility Installations be removed by the expiration or earlier termination of this Lease, notwithstanding that their installation may have been consented to by Lessor. Lessor may require the removal at any time of all or any part of any Alterations or Utility Installations made without the required consent of Lessor.

(c) Surrender/Restoration. Lessee shall surrender the Premises by the end of the last day of the Lease term or any earlier termination date, clean and free of debris and in good operating order, condition and

state of repair, ordinary wear and tear excepted. Ordinary wear and tear shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Lessee performing all of its obligations under this Lease. Except as otherwise agreed or specified herein, the Premises, as surrendered, shall include the Alterations and Utility Installations. The obligation of Lessee shall include the repair of any damage occasioned by the installation, maintenance or removal of Lessee's Trade Fixtures, furnishings, equipment, and Lessee-Owned Alterations and Utility Installations, as well as the removal of any storage tank installed by or for Lessee, and the removal, replacement, or remediation of any soil, material or ground water contaminated by Lessee, all as may then as required by Applicable Requirements and/or good practice. Lessee's Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee subject to its obligation to repair and restore the Premises per this Lease.

8. Insurance; Indemnity.

8.1 Payment of Premium Increases.

(a) As used herein, the term "Insurance Cost Increase" is defined as any increase in the actual cost of the insurance applicable to the Building and required to be carried by Lessor pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b) ("Required Insurance"), over and above the Base Premium, as hereinafter defined, calculated on an annual basis. "Insurance Cost Increase" shall include, but not be limited to, requirements of the holder of a mortgage or deed of trust covering the Premises, increased valuation of the Premises, and/or a general premium rate increase. The term "Insurance Cost Increase" shall not,

however, include any premium increases resulting from the nature of the occupancy of any other lessee of the Building. If the parties insert a dollar amount in Paragraph 1.9, such amount shall be considered the "Base Premium." If a dollar amount has not been inserted in Paragraph 1.9 and if the Building has been previously occupied during the twelve (12) month period immediately preceding the Commencement Date, the "Base Premium" shall be the annual premium applicable to such twelve (12) month period. If the Building was not fully occupied during such twelve (12) month period, the "Base Premium" shall be the lowest annual premium reasonably obtainable for the Required Insurance as of the Commencement Date, assuming the most nominal use possible of the Building. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of $1,000,000 procured under Paragraph 8.2(b).

(b) Lessee shall pay any insurance Cost Increase to Lessor pursuant to Paragraph 4.2. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Commencement Date or Expiration Date.

8.2 Liability Insurance.

(a) Carried by Lessee. Lessee shall obtain and keep in force during the term of this Lease a Commercial General Liability policy of insurance protecting Lessee, Lessor and any Lender(s) whose names have been provided to Lessee in writing (as additional insureds) against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $1,000,000 per occurrence with an "Additional Insured-Managers or Lessors of Premises" endorsement and contain the "Amendment of the Pollution Exclusion" endorsement for damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "Insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance required by this Lease or as carried by Lessee shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. All insurance to be carried by Lessee shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) Carried by Lessor. Lessor shall also maintain liability insurance described in Paragraph 8.2(a) above, in addition to and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance -- Building, Improvements and Rental Value.

(a) Building and Improvements. Lessor shall obtain and keep in force during the term of this Lease a policy or policies in the name of Lessor, with loss payable to Lessor and to any Lender(s), insuring against loss or damage to the Premises. Such insurance shall be for full replacement cost, as the same shall exist from time to time, or the amount required by any Lender(s), but in no event more than the commercially reasonable and available insurable value thereof if, by reason of the unique nature or age of the improvements involved, such latter amount is less than full replacement cost. Lessee-Owned Alterations and Utility Installations, Trade Fixtures and Lessee's personal property shall be insured by Lessee pursuant to Paragraph 8.4. If the coverage is available and commercially appropriate, Lessor's policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender or included in the Base Premium), including coverage for any additional costs resulting from debris removal and reasonable amounts of coverage for the enforcement of any ordinance or law regulating the reconstruction or replacement of any undamaged sections of the Building required to be demolished or removed by reason of the enforcement of any building, zoning, safety or land use laws as the result of a covered loss, but not including plate glass insurance. Said policy or policies shall also contain an agreed valuation provision in lieu of any co-insurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted

U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located.

(b) Rental Value. Lessor shall also obtain and keep in force during the term of this Lease a policy or policies in the name of Lessor, with loss payable to Lessor and any Lender(s), insuring the loss of the full rental and other charges payable by all lessees of the Building to Lessor for one year (including all Real Property Taxes, insurance costs, all Common Area Operating Expenses and any scheduled rental increases). Said insurance may provide that in the event the Lease is terminated by reason of an insured loss, the period of indemnity for such coverage shall be extended beyond the date of the completion of repairs or replacement of the Premises, to provide for one full year's loss of rental revenues from the date of any such loss. Said insurance shall contain an agreed valuation provision in lieu of any co-insurance clause, and the amount of coverage shall be adjusted annually to reflect the projected rental income, Real Property Taxes, insurance premium costs and other expenses, if any, otherwise payable, for the next 12-month period. Common Area Operating Expenses shall include any deductible amount in the event of such loss.

(c) Adjacent Premises. Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Industrial Center if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) Lessee's Improvements. Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee-Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 Lessee's Property Insurance. Subject to the requirements of Paragraph 8.5, Lessee at its cost shall either by separate policy or, at Lessor's option, by endorsement to a policy already carried, maintain insurance coverage on all of Lessee's personal property, Trade Fixtures and Lessee-Owned Alterations and Utility Installations in, on, or about the Premises similar in coverage to that carried by Lessor as the Insuring Party under Paragraph 8.3(a). Such insurance shall be full replacement cost coverage with a deductible not to exceed $1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property and the restoration of Trade Fixtures and Lessee-Owned Alterations and Utility Installations. Upon request from Lessor, Lessee shall provide Lessor with written evidence that such insurance is in force.

8.5 Insurance Policies. Insurance required hereunder shall be in companies duly licensed to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least B+, V, or such other rating as may be required by a Lender, as set forth in the most current issue of "Best's Insurance Guide." Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in this Paragraph 8. Lessee shall cause to be delivered to Lessor, within seven (7) days after the earlier of the Early Possession Date or the Commencement Date, certified copies of, or certificates evidencing the existence and amounts of, the insurance required under Paragraphs 8.2(a) and 8.4. No such policy shall be cancelable or subject to modification except after thirty (30) days' prior written notice to Lessor. Lessee shall at least thirty (30) days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss or damage to their property arising out of or incident to

the perils required to be insured against under Paragraph 8. The effect of such releases and waivers of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto. Lessor and Lessee agree to have their respective insurance companies issuing property damage insurance waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's negligence and/or breach of express warranties, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, costs, liens, judgments, penalties, loss of permits, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the occupancy of the Premises by Lessee, the conduct of Lessee's business, any act, omission or neglect of Lessee, its agents, contractors, employees or invitees, and out of any Default or Breach by Lessee in the performance in a timely manner of any obligation on Lessee's part to be performed under this Lease. The foregoing shall include, but not be limited to, the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not (in the case of claims made against Lessor) litigated and/or reduced to judgment. In case any action or proceeding be brought against Lessor by reason of any of the foregoing matters, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be so indemnified.

8.8 Exemption of Lessor from Liability. Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said injury or damage results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a part, from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is accessible or not. Lessor shall not be liable for any damages arising from any act or neglect of any other lessee of Lessor nor from the failure by Lessor to enforce the provisions of any other lease in the Industrial Center. Notwithstanding Lessor's negligence or breach of this Lease, Lessor shall under no circumstances be liable for injury to Lessee's business or for any loss of income or profit therefrom.

9. Damage or Destruction.

9.1 Definitions.

(a) "Premises Partial Damage" shall mean damage or destruction to the Premises, other than Lessee-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is less than fifty percent (50%) of the then Replacement Cost (as defined in Paragraph 9.1(d)) of the Premises (excluding Lessee-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction.

(b) "Premises Total Destruction" shall mean damage or destruction to the Premises, other than Lessee-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is fifty percent (50%) or more of the then Replacement Cost of the Premises (excluding Lessee-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction. In addition, damage or destruction to the Building, other than Lessee-Owned Alterations and Utility Installations and Trade Fixtures of any

lessees of the Building, the cost of which damage or destruction is fifty percent (50%) or more of the then Replacement Cost (excluding Lessee-Owned Alterations and Utility Installations and Trade Fixtures of any lessees of the Building) of the Building shall, at the option of Lessor, be deemed to be Premises Total Destruction.

(c) "Insured Loss" shall mean damage or destruction to the Premises, other than Lessee-Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance descried in Paragraph 8.3(a) irrespective of any deductible amounts or coverage limits involved.

(d) "Replacement Cost" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of applicable building codes, ordinances or laws, and without deduction for depreciation.

(e) "Hazardous Substance Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises.

9.2 Premises Partial Damage -- Insured Loss. If Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee-Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect. In the event, however, that there is a shortage of insurance proceeds and such shortage is due to the fact that, by reason of the unique nature of the improvements in the Premises, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within ten (10) days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said ten (10) day period, Lessor shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If Lessor does not receive such funds or assurance within said period, Lessor may nevertheless elect by written notice to Lessee within ten (10) days thereafter to make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect. If Lessor does not receive such funds or assurance within such ten (10) day period, and if Lessor does not so elect to restore and repair, then this Lease shall terminate sixty (60) days following the occurrence of the damage or destruction. Unless otherwise agreed, Lessee shall in no event have any right to reimbursement from Lessor for any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3 rather than Paragraph 9.2, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage -- Uninsured Loss. If Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense and this Lease shall continue in full force and effect), Lessor may at Lessor's option, either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such damage of Lessor's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Lessor elects to give such notice of Lessor's intention to terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage totally at Lessee's expense and without reimbursement from Lessor. Lessee shall provide Lessor with the required funds or satisfactory assurance thereof within thirty (30) days following such commitment from Lessee. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably

possible after the required funds are available. If Lessee does not give such notice and provide the funds or assurance thereof within the times specified above, this Lease shall terminate as of the date specified in Lessor's notice of termination.

9.4 Total Destruction. Notwithstanding any other provision hereof, if Premises Total Destruction occurs (including any destruction required by any authorized public authority), this Lease shall terminate sixty (60) days following the date of such Premises Total Destruction, whether or not the damage or destruction is an Insured Loss or was caused by a negligent or willful act of Lessee. In the event, however, that the damage or destruction

was caused by Lessee, Lessor shall have the right to recover Lessor's damages from Lessee except as released and waived in Paragraph 9.7.

9.5 Damage Near End of Term. If at any time during the last six (6) months of the term of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may, at Lessor's option, terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within thirty (30) days after the date of occurrence of such damage. Provided, however, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by (a) exercising such option, and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is ten (10) days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's expense repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate as of the date set forth in the first sentence of this Paragraph 9.5.

9.6 Abatement of Rent; Lessee's Remedies.

(a) In the event of (i) Premises Partial Damage or (ii) Hazardous Substance Condition for which Lessee is not legally responsible, the Base Rent, Common Area Operating Expenses and other charges, if any, payable by Lessee hereunder for the period during which such damage or condition, its repair, remediation or restoration continues, shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not in excess of proceeds from insurance required to be carried under Paragraph 8.3(b). Except for abatement of Base Rent, Common Area Operating Expenses and other charges, if any, as aforesaid, all other obligations of Lessee hereunder shall be performed by Lessee, and Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair, remediation or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence, to a substantial and meaningful way, the repair or restoration of the Premises within ninety (90) days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice of Lessee's election to terminate this Lease on a date not less than sixty (60) days following the giving of such notice. If Lessee gives such notice to Lessor and such Lenders and such repair or restoration is not commenced within thirty (30) days after receipt of such notice, this Lease shall terminate as of the date specified in said notice. If Lessor or a Lender commences the repair or restoration of the Premises within thirty (30) days after the receipt of such notice, this Lease shall continue in full force and effect. "Commence" as used in this Paragraph

9.6 shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever occurs first.

9.7 Hazardous Substance Conditions. If a Hazardous Substance Condition occurs unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(c) and Paragraph 13), Lessor may at Lessor's option either (i) investigate and remediate such Hazardous Substance Condition, it required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to investigate and remediate such condition exceeds twelve (12) times the then monthly Base Rent or $100,000 whichever is greater, give written notice to Lessee within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition of Lessor's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Lessor elects to give such notice of Lessor's intention to terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's commitment to pay for the excess costs of (a) investigation and remediation of such Hazardous Substance Condition to the extent required by Applicable Requirements, over (b) an amount equal to twelve (12) times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with the funds required of Lessee or satisfactory assurance thereof within thirty (30) days following said commitment by Lessee. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such investigation and remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time period specified above, this Lease shall terminate as of the date specified in Lessor's notice of termination.

9.8 Termination -- Advance Payments. Upon termination of this Lease pursuant to this Paragraph 9, Lessor shall return to Lessee any advance payment made by Lessee to Lessor and so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor under the terms of this Lease.

9.9 Waiver of Statutes. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises and the Building with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent it is inconsistent herewith.

10. Real Property Taxes.

10.1 Payment of Taxes. Lessor shall pay the Real Property Taxes, as defined in Paragraph 10.2(a), applicable to the Industrial Center, and except as otherwise provided in Paragraph 10.3, any increases in such

amounts over the Base Real Property Taxes shall be included in the calculation of Common Area Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.2 Real Property Tax Definitions.

(a) As used herein, the term "Real Property Taxes" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed upon the Industrial Center by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage, or other improvement

district thereof, levied against any legal or equitable interest of Lessor in the Industrial Center or any portion thereof, Lessor's right to rent or other income therefrom, and/or Lessor's business of leasing the Premises. The term "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring, or changes in Applicable Law taking effect, during the term of this Lease, including but not limited to a change in the ownership of the Industrial Center or in the improvements thereon, the execution of this Lease, or any modification, amendment or transfer thereof, and whether or not contemplated by the Parties.

(b) As used herein, the term "Base Real Property Taxes" shall be the amount of Real Property Taxes, which are assessed against the Premises, Building or Common Areas in the calendar year during which the Lease is executed. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.

10.3 Additional Improvements. Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Industrial Center by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.1 hereof, Lessee shall, however, pay to Lessor at the time Common Area Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Lessee's Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises or stored within the Industrial Center. When possible, Lessee shall cause its Lessee-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and ail other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities. Lessee shall pay directly for all utilities and services supplied to the Premises, including but not limited to electricity, telephone, security, gas and cleaning of the Premises, together with any taxes thereon. If any such utilities or services are not separately metered to the Premises or separately billed to the Premises, Lessee shall pay to Lessor a reasonable proportion to be determined by Lessor of all such charges jointly metered or billed with other premises in the Building, in the manner and within the time periods set forth in Paragraph 4.2(d).

12. Assignment and Subletting.

12.1 Lessor's Consent Required.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or otherwise transfer or encumber (collectively, "assign") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent given under and subject to the terms of Paragraph 36.

(b) A change in the control of Lessee shall constitute an assignment requiring Lessor's consent. The transfer, on a cumulative basis, of twenty-five

percent (25%) or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, refinancing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee, as hereinafter defined, by an amount equal to or greater than twenty-five percent (25%) of such Net Worth of Lessee as it was represented to Lessor at the time of full execution and delivery of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, at whichever time said Net Worth of Lessee was or is greater, shall be considered an assignment of this Lease by Lessee to which Lessor may reasonably withhold its consent. "Net Worth of Lessee" for purposes of this Lease shall be the net worth of Lessee (excluding any Guarantors) established under generally accepted accounting principles consistently applied.

(d) An assignment or subletting of Lessee's interest in this Lease without Lessor's specific prior written consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1, or a non-curable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unconsented to assignment or subletting as a non-curable Breach, Lessor shall have the right to either: (i) terminate this Lease, or (ii) upon thirty (30) days' written notice ("Lessor's Notice"), increase the monthly Base Rent for the Premises to the greater of the then fair market rental value of the Premises, as reasonably determined by Lessor, or one hundred ten percent (110%) of the Base Rent then in effect. Pending determination of the new fair market rental value, if disputed by Lessee, Lessee shall pay the amount set forth in Lessor's Notice, with any overpayment credited against the next installment(s) of Base Rent coming due, and any underpayment for the period retroactively to the effective date of the adjustment being due and payable immediately upon the determination thereof. Further, in the event of such Breach and rental adjustment: (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to the then fair market value as reasonably determined by Lessor (without the Lease being considered an encumbrance or any deduction for depreciation or obsolescence, and considering the Premises at its highest and best use and in good condition) or one hundred ten percent (110%) of the price previously in effect, (ii) any index-oriented rental or price adjustment formulas contained in this Lease shall be adjusted to require that the base index be determined with reference to the index applicable to the time of such adjustment, and (iii) any fixed rental adjustments scheduled during the remainder of the Lease term shall be increased in the same ratio as the new rental bears to the Base Rent in effect immediately prior to the adjustment specified in Lessor's Notice.

(e) Lessee's remedy for any breach of this Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

(a) Regardless of Lessor's consent, any assignment or subletting shall not (i) be effective without the express written assumption by such assignee or subleases of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, nor (iii) alter the primary liability of Lessee for the payment of Base Rent and other sums due Lessor hereunder or for the performance of any other obligations to be performed by Lessee under this Lease.

(b) Lessor may accept any rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of any rent for performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the Default or Breach by Lessee of any of the terms, covenants or conditions of this Lease.

(c) The consent of Lessor to any assignment or subletting shall not

constitute a consent to any subsequent assignment or subletting by Lessee or to any subsequent or successive assignment or subletting by the assignee or sublessee. However, Lessor may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Lessee or anyone else liable under this Lease or the sublease and without obtaining their consent, and such action shall not relieve such persons from liability under this Lease or the sublease.

(d) In the event of any Default or Breach of Lessee's obligation under this Lease, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of the Lessee's obligations under this Lease, including any sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a non-refundable deposit of $1,000 or ten percent (10%) of the monthly Base Rent applicable to the portion of the Premises which is the subject of the proposed assignment or sublease, whichever is greater, as reasonable consideration for Lessor's considering and processing the request for consent. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested by Lessor.

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed, for the benefit of Lessor, to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented in writing.

(g) The occurrence of a transaction described in Paragraph 12.2(c) shall give Lessor the right (but not the obligation) to require that the Security Deposit be increased by an amount equal to six (6) times the then monthly Base Rent, and Lessor may make the actual receipt by Lessor of the Security Deposit increase a condition to Lessor's consent to such transaction.

(h) Lessor, as a condition to giving its consent to any assignment or subletting, may require that the amount and adjustment schedule of the rent payable under this Lease be adjusted to what is then the market value and/or adjustment schedule for property similar to the Premises as then constituted, as determined by Lessor.

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all rentals and income arising from any sublease of all or a portion of the Premises heretofore or hereafter made by Lessee, and Lessor may collect such rent and income and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach (as defined in Paragraph 13.1) shall occur in the performance of Lessee's obligations under this Lease, Lessee may, except as otherwise provided in this Lease, receive, collect and enjoy the rents accruing under such sublease. Lessor shall not, by reason of the foregoing provision or any other assignment of such sublease to Lessor, nor by reason of the collection of the rents from a sublessee, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee under such Sublease. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor the rents and other charges due and to become

due under the sublease. Sublessee shall rely upon any such statement and request from Lessor and shall pay such rents and other charges to Lessor without any obligation or right to inquire as to whether such Breach exists and notwithstanding any notice from or claim from Lessee to the contrary. Lessee shall have no right or claim against such sublessee, or, until the Breach has been cured, against Lessor, for any such rents and other charges so paid by said sublessee to Lessor.

(b) In the event of a Breach by Lessee in the performance of its obligations under this Lease, Lessor, at its option and without any obligation to do so, may require any sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any other prior defaults or breaches of such sublessor under such sublease.

(c) Any matter or thing requiring the consent of the sublessor under a sublease shall also require the consent of Lessor herein.

(d) No sublessee under a sublease approved by Lessor shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 Default; Breach. Lessor and Lessee agree that if an attorney is consulted by Lessor in connection with a Lessee Default or Breach (as hereinafter defined), $350.00 is a reasonable minimum sum per such occurrence for legal services and costs in the preparation and service of a notice of Default, and that Lessor may include the cost of such services and costs in said notice as rent due and payable to cure said default. A "Default" by Lessee is defined as a failure by Lessee to observe, comply with or perform any of the terms, covenants, conditions or rules applicable to Lessee under this Lease. A "Breach" by Lessee is defined as the occurrence of any one or more of the following Defaults, and, where a grace period for cure after notice is specified herein, the failure by Lessee to cure such Default prior to the expiration of the applicable grace period, and shall entitle Lessor to pursue the remedies set forth in Paragraphs 13.2 and/or 13.3:

(a) The vacating of the Premises without the intention to reoccupy same, or the abandonment of the Premises.

(b) Except as expressly otherwise provided in this Lease, the failure by Lessee to make any payment of Base Rent, Lessee's Share of Common Area Operating Expenses, or any other monetary payment required to be made by Lessee hereunder as and when due, the failure by Lessee to provide Lessor with reasonable evidence of insurance or surety bond required under this Lease, or the failure of Lessee to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of three (3) days following written notice thereof by or on behalf of Lessor to Lessee.

(c) Except as expressly otherwise provided in this Lease, the failure by Lessee to provide Lessor with reasonable written evidence (in duly executed original form, if applicable) of (i) compliance with Applicable Requirements per Paragraph 6.3, (ii) the inspection, maintenance and service contracts required under Paragraph 7.1(b), (iii) the rescission of an unauthorized assignment or subletting per Paragraph 12.1, (iv) a Tenancy Statement per Paragraphs 16 or 37, (v) the subordination or non-subordination of this Lease per Paragraph 30, (vi) the guaranty of the performance of Lessee's obligations under this Lease if required under Paragraphs 1.11 and 37, (vii) the execution of any document requested under Paragraph 42 (easements), or (viii) any other documentation or information which Lessor may reasonably require of Lessee under the terms of

this Lease, where any such failure continues for a period of ten (10) days following written notice by or on behalf of Lessor to Lessee.

(d) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof that are to be observed, complied with or performed by Lessee, other than those described in Subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of thirty (30) days after written notice thereof by or on behalf of Lessor to Lessee; provided, however, that if the nature of

Lessee's Default is such that more than thirty (30) days are reasonably required for its cure, then it shall not be deemed to be a Breach of this Lease by Lessee if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(e) The occurrence of any of the following events: (i) the making by Lessee of any general arrangement or assignment for the benefit of creditors; (ii) Lessee's becoming a "debtor" as defined in 11 U.S. Code Section 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this Subparagraph 13.1(e) is contrary to any applicable law, such provision shall be of no force or effect, and shall not affect the validity of the remaining provisions.

(f) The discovery by Lessor that any financial statement of Lessee or of any Guarantor, given to Lessor by Lessee or any Guarantor, was materially false.

(g) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory breach basis, and Lessee's failure, within sixty (60) days following written notice by or on behalf of Lessor to Lessee of any such event, to provide Lessor with written alternative assurances of security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Lessee fails to perform any affirmative duty or obligation of Lessee under this Lease, within ten (10) days after written notice to Lessee (or in case of an emergency, without notice), Lessor may at its option (but without obligation to do so), perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. The costs and expenses of any such performance by Lessor shall be due and payable by Lessee to Lessor upon invoice therefor. If any check given to Lessor by Lessee shall not be honored by the bank upon which it is drawn, Lessor, at its own option, may require all future payments to be made under this Lease by Lessee to be made only by cashier's check. In the event of a Breach of this Lease by Lessee (as defined in Paragraph 13.1), with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach, Lessor may:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the worth at the time of the award of the unpaid rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the

unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco or the Federal Reserve Bank District in which the Premises are located at the time of award plus one percent (1%). Efforts by Lessor to mitigate damages caused by Lessee's Default or Breach of this Lease shall not waive Lessor's right to recover damages under this Paragraph 13.2. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding the unpaid rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit for such rent and/or damages. If a notice and grace period required under Subparagraph 13.1(b), (c) or (d) was not previously given, a notice to pay rent or quit, or to perform or quit, as the case may be, given to Lessee under any statute authorizing the forfeiture of leases for unlawful detainer shall also constitute the applicable notice for grace period purposes required by Subparagraph 13.1(b), (c) or (d). In such case, the applicable grace period under the unlawful detainer statute shall run concurrently after the one such statutory notice, and the failure of Lessee to cure the Default within the greater of the two (2) such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession in effect (in California under California Civil Code Section 1951.4) after Lessee's Breach and recover the rent as it becomes due, provided Lessee has the right to sublet or assign, subject only to reasonable limitations. Lessor and Lessee agree that the limitations on assignment and subletting in this Lease are reasonable. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver to protect the Lessor's interest under this Lease, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located.

(d) The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture In Event of Breach. Any agreement by Lessor for free or abated rent or other charges applicable to the Premises, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions" shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease to be performed or observed by Lessee during the term hereof as the same may be extended. Upon the occurrence of a Breach (as defined in Paragraph 13.1) of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, and recoverable by Lessor, as additional rent due under this Lease, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by

Lessor of rent or the cure of the Breach which initiated the operation of this Paragraph 13.3 shall not be deemed a waiver by Lessor of the provisions of this Paragraph 13.3 unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by the terms of any ground lease, mortgage or deed of trust covering the Premises. Accordingly, if any installment of rent or other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to six percent (6%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Rent, then notwithstanding Paragraph 4.1 or any other provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Breach by Lessor. Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph 13.5, a reasonable time shall in no event be less than thirty (30) days after receipt by Lessor, and by any Lender(s) whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days after such notice are reasonably required for its performance, then Lessor shall not be in breach of this Lease if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the Premises, or more than twenty-five percent (25%) of the portion of the Common Areas designated for Lessee's parking, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the Premises. No reduction of Base Rent shall occur if the condemnation does not apply to any portion of the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution of value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any compensation, separately awarded to Lessee for Lessee's relocation expenses and/or loss of Lessee's Trade Fixtures. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of its net severance damages received, over and above Lessee's Share of the legal and other expenses incurred by Lessor in the condemnation matter, repair any damage to the Premises caused by such condemnation authority. Lessee shall be responsible for the payment of any amount in excess of such net severance damages required to complete such repair.

15. Broker's Fees.

15.1 Procuring Cause. The Broker(s) named in Paragraph 1.10 is/are the procuring cause of this Lease.

15.2 Additional Terms. Unless Lessor and Broker(s) have otherwise agreed in writing, Lessor agrees that: (a) if Lessee exercises any Option (as defined in Paragraph 39.1) granted under this Lease or any Option

subsequently granted, or (b) if Lessee acquires any rights to the Premises or other premises in which Lessor has an Interest, or (c) if Lessee remains in possession of the Premises with the consent of Lessor after the expiration of the term of this Lease after having failed to exercise an Option, or (d) if said Brokers are the procuring cause of any other lease or sale entered into between the Parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, or (e) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then as to any of said transactions, Lessor shall pay said Broker(s) a fee in accordance with the schedule of said Broker(s) in effect at the time of the execution of this Lease.

15.3 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease, whether such transfer is by agreement or by operation of law, shall be deemed to have assumed Lessor s obligation under this Paragraph 15. Each Broker shall be an intended third party beneficiary of the provisions of Paragraph 1.10 and of this Paragraph 15 to the extent of its interest in any commission arising from this Lease and may enforce that right directly against Lessor and its successors.

15.4 Representations and Warranties. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder other than as named in Paragraph 1.10(a) in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and that no broker or other person, firm or entity other than said named Broker(s) is entitled to any commission or finder's fee in connection with said transaction. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the Indemnifying Party, including any costs, expenses, and/or attorneys' fees reasonably incurred with respect thereto.

16. Tenancy and Financial Statements.

16.1 Tenancy Statement. Each Party (as "Responding Party") shall within ten (10) days after written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in a form similar to the then most current "Tenancy Statement" form published by the American Industrial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

16.2 Financial Statement. If Lessor desires to finance, refinance, or sell the Premises or the Building, or any part thereof, Lessee and all Guarantors shall deliver to any potential lender or purchaser designated by Lessor such financial statements of Lessee and such Guarantors as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past three (3) years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Lessor's Liability. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises. In the event of a transfer of Lessor's title or interest in the Premises or in this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor at the time of such transfer or assignment. Except as provided in Paragraph 15.3, upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or

covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Interest on Past-Due Obligations. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor within ten (10) days following the date on which it was due, shall bear interest from the date due at the prime rate charged by the largest state chartered bank in the state in which the Premises are located plus four percent (4%) per annum, but not exceeding the maximum rate allowed by law, in addition to the potential late charge provided for in Paragraph 13.4.

20. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

21. Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease are deemed to be rent.

22. No Prior or Other Agreements; Broker Disclaimer. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. Each Broker shall be an intended third party beneficiary of the provisions of this Paragraph 22.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease shall be in writing and may be delivered in person (by hand or by messenger or courier service) or may be sent by regular, certified or registered

mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission during normal business hours, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notice purposes. Either Party may by written notice to the other specify a different address for notice purposes, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for the purpose of mailing or delivering notices to Lessee. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by written notice to Lessee.

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail, the notice shall be deemed given forty-eight (48) hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given twenty-four (24) hours after delivery of the same to the United States Postal Service or courier. If any notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon telephone or facsimile confirmation of receipt of the transmission thereof, provided a copy is also delivered via delivery or mail. If notice is received on a Saturday or a Sunday or a legal holiday, it shall be deemed received on the next business day.

24. Waivers. No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other

term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or any other term, covenant or condition hereof. Lessor's consent to, or approval of, any such act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. Regardless of Lessor's knowledge of a Default or Breach at the time of accepting rent, the acceptance of rent by Lessor shall not be a waiver of any Default or Breach by Lessee of any provision hereof. Any payment given Lessor by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

25. Recording. Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a short form memorandum of this Lease for recording purposes. The Party requesting recordation shall be responsible for payment of any fees or taxes applicable thereto.

26. No Right to Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or earlier termination of this Lease. In the event that Lessee holds over in violation of this Paragraph 26 then the Base Rent payable from and after the time of the expiration or earlier termination of this Lease shall be increased to two hundred percent (200%) of the Base Rent applicable during the month immediately preceding such expiration or earlier termination. Nothing contained herein shall be construed as a consent by Lessor to any holding over by Lessee.

27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. Covenants and Conditions. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions.

29. Binding Effect; Choice of Law. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non-Disturbance.

30.1 Subordination. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "Security Device"), now or hereafter placed by Lessor upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Lessee agrees that the Lenders holding any such Security Device shall have no duty, liability or obligation to perform any of the obligations of Lessor under this Lease, but that in the event of Lessor's default with respect to any such obligation, Lessee will give any Lender whose name and address have been furnished Lessee in writing for such purpose notice of Lessor's default pursuant to Paragraph 13.5. If any Lender shall elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device and shall give written notice thereof to Lessee, this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. Subject to the non-disturbance provisions of Paragraph 30.3, Lessee agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Security Device, and that in the event of such foreclosure, such new owner shall not: (1) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses which Lessee might have against any prior lessor, or (iii) be bound by prepayment of more than one month's rent.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving assurance (a "non-disturbance agreement") from the Lender that Lessee's possession and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any such subordination or non-subordination, attornment and/or non-disturbance agreement as is provided for herein.

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. Lessor shall be entitled to attorneys' fees, costs and expenses incurred in preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach. Broker(s) shall be intended third party beneficiaries of this Paragraph 31.

32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times for the purpose of showing the same to prospective purchasers, lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the Building, as Lessor may reasonably deem necessary. Lessor may at any time place on or about the Premises or Building any ordinary "For Sale" signs and Lessor may at any time during the last one hundred eighty (180) days of the term hereof place on or about the Premises any ordinary "For Lease" signs. All such activities of Lessor shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

34. Signs. Lessee shall not place any sign upon the exterior of the Premises or the Building, except that Lessee may, with Lessor's prior written consent, install (but not on the roof) such signs as are reasonably required to advertise Lessee's own business so long as such signs are in a location designated by Lessor and comply with Applicable Requirements and the signage criteria established for the Industrial Center by Lessor. The installation of any sign on the Premises by or for Lessee shall be subject to the provisions of Paragraph 7 (Maintenance, Repairs, Utility Installations, Trade Fixtures and Alterations). Unless otherwise expressly agreed herein, Lessor reserves all rights to the use of the roof of the Building, and the right to install advertising signs on the Building, including the roof, which do not unreasonably interfere with the conduct of Lessee's business; Lessor shall be entitled to all revenues from such advertising signs.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach

by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, Lessor shall, in the event of any such surrender, termination or cancellation, have the option to continue any one or all of any existing subtenancies. Lessor's failure within ten (10) days following any such event to make written election to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents.

(a) Except for Paragraph 33 hereof (Auctions) or as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent pertaining to this Lease or the Premises, including but not limited to consents to an assignment a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee to Lessor upon receipt of an invoice and supporting documentation therefor. In addition to the deposit described in Paragraph 12.2(e), Lessor may, as a condition to considering any such request by Lessee, require that Lessee deposit with Lessor an amount of money (in addition to the Security Deposit held under Paragraph 5) reasonably calculated by Lessor to represent the cost Lessor will incur in considering and responding to Lessee's request. Any unused portion of said deposit shall be refunded to Lessee without interest. Lessor's consent to any act, assignment of this Lease or subletting of the Premises by Lessee shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent.

(b) All conditions to Lessor's consent authorized by this Lease are acknowledged by Lessee as being reasonable. The failure to specify herein any particular condition to Lessor's consent shall not preclude the

impositions by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given.

37. Guarantor.

37.1 Form of Guaranty. It there are to be any Guarantors of this Lease per Paragraph 1.11, the form of the guaranty to be executed by each such Guarantor shall be in the form most recently published by the American Industrial Real Estate Association, and each such Guarantor shall have the same obligations as Lessee under this Lease, including but not limited to the obligation to provide the Tenancy Statement and information required in Paragraph 16.

37.2 Additional Obligations of Guarantor. It shall constitute a Default of the Lessee under this Lease if any such Guarantor fails or refuses, upon reasonable request by Lessor to give: (a) evidence of the due execution of the guaranty called for by this Lease, including the authority of the Guarantor (and of the party signing on Guarantor's behalf) to obligate such Guarantor on said guaranty, and resolution of its board of directors authorizing the making of such guaranty, together with a certificate of incumbency showing the signatures of the persons authorized to sign on its behalf, (b) current financial statements of Guarantor as may from time to time be requested by Lessor, (c) a Tenancy Statement, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Upon payment by Lessee of the rent for the Premises and the performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

39. Options.

39.1 Definition. As used in this Lease, the word "Option" has the following meaning: (a) the right to extend the term of this Lease or to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal to lease the Premises or the right of first offer to lease the Premises or the right of first refusal to lease other property of Lessor or the right of first offer to lease other property of Lessor; (c) the right to purchase the Premises, or the right of first refusal to purchase the Premises, or the right of first offer to purchase the Premises, or the right to purchase other property of Lessor, or the right of first refusal to purchase other property of Lessor, or the right of first offer to purchase other property of Lessor.

39.2 Options Personal to Original Lessee. Each Option granted to Lessee in this Lease is personal to the original Lessee named in Paragraph 1.1 hereof, and cannot be voluntarily or involuntarily assigned or exercised by any person or entity other than said original Lessee while the original Lessee is in full and actual possession of the Premises and without the intention of thereafter assigning or subletting. The Options, if any, herein granted to Lessee are not assignable, either as a part of an assignment of this Lease or separately or apart therefrom, and no Option may be separated from this Lease in any manner, by reservation or otherwise.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Lease, a later option cannot be exercised unless the prior Options to extend or renew this Lease have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary: (i) during the period commencing with the giving of any notice of Default under Paragraph 13.1 and continuing until the noticed Default is cured, or (ii) during the period of time any monetary obligation due Lessor from Lessee is unpaid (without regard to whether notice thereof is given Lessee), or (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessor has given to Lessee three (3) or more notices of separate Defaults under Paragraph 13.1 during the twelve (12) month period immediately preceding the exercise of the Option, whether or not the Defaults are cured.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) All rights of Lessee under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligation of Lessee for a period of thirty (30) days after such obligation becomes due (without any necessity of Lessor to give notice thereof to Lessee), or (ii) Lessor gives to Lessee three (3) or more notices of separate Defaults under Paragraph 13.1 during any twelve (12) month period, whether or not the Defaults are cured, or (iii) if Lessee commits a Breach of this Lease.

40. Rules and Regulations. Lessee agrees that it will abide by, and keep and observe all reasonable rules and regulations ("Rules and Regulations") which Lessor may make from time to time for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Industrial Center and their invitees.

41. Security Measures. Lessee hereby acknowledges that the rental payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

42. Reservations. Lessor reserves the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights of way, utility raceways, and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights of way, utility raceways, dedications, maps and restrictions do not reasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

43. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

44. Authority. If either Party hereto is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after request by Lessor, deliver to Lessor evidence satisfactory to Lessor of such authority.

45. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

46. Offer. Preparation of this Lease by either Lessor or Lessee or Lessor's agent or Lessee's agent and submission of same to Lessee or Lessor shall not be deemed an offer to lease. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

47. Amendments. This Lease may be modified only in writing, signed by the parties in interest at the time of the modification. The Parties shall amend this Lease from time to time to reflect any adjustments that are made to the Base Rent or other rent payable under this Lease. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by an institutional insurance company or pension plan Lender in connection with the obtaining of normal financing or refinancing of the property of which the Premises are a part.

48. Multiple Parties. Except as otherwise expressly provided herein, if more than one person or entity is named herein as either Lessor or Lessee, the obligations of such multiple parties shall be the joint and several responsibility of all persons or entities named herein as such Lessor or Lessee.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILLED IN, IT HAS BEEN PREPARED FOR YOUR ATTORNEY'S REVIEW AND APPROVAL. FURTHER, EXPERTS SHOULD BE CONSULTED TO EVALUATE THE CONDITION OF THE PROPERTY FOR THE POSSIBLE PRESENCE OF ASBESTOS, UNDERGROUND STORAGE TANKS OR HAZARDOUS SUBSTANCES. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY THE REAL ESTATE BROKERS OR THEIR CONTRACTORS, AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH

IT RELATES; THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE. IF THE SUBJECT PROPERTY IS IN A STATE OTHER THAN CALIFORNIA, AN ATTORNEY FROM THE STATE WHERE THE PROPERTY IS LOCATED SHOULD BE CONSULTED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

<TABLE>
<S>
Executed at: _____
on: _____

By LESSOR:
Del Oro Gateway Partners, L.P.

By: /s/ William A. Shirley

Name Printed: William A. Shirley
Title: _____
By: _____
Name Printed: _____
Title: _____
Address: 1947 Camina Vida Roble, Suite 104
Carlsbad, CA 92008
Telephone: (760) 431-7612
Facsimile: (760) 431-8968

BROKER: Business Real Estate Brokerage Co.
Executed at: _____
on: _____
By: _____
Name Printed: Kent Moore / Robert Black
Title: _____
Address: 5050 Avenida Encinas, Suite 150
Carlsbad, CA 92008
Telephone: (760) 431-4200
Facsimile: (760) 431-7656

<C>
Executed at: _____
on: _____

By LESSEE:
The Western States Group, Inc.

By: /s/ Michael F. Crowley, Jr.

Name Printed: Michael F. Crowley, Jr.
Title: V.P. Operations
By: _____
Name Printed: _____
Title: _____
Address: 131 W. Becch
Fallbrook, CA 92028
Telephone: (760) 728-1552
Facsimile: (760) 723-4487

BROKER: Lee & Associates
Executed at: _____
on: _____
By: _____
Name Printed: Larry Strickland
Title: _____
Address: 2011 Palomar Airport Rd., Ste. 102
Carlsbad, CA 92009
Telephone: (760) 929-9700
Facsimile: (760) 929-9977
</TABLE>

NOTE: These forms are often modified to meet changing requirements of law and needs of the industry. Always write or call to make sure you are utilizing the most current form: AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION, 700 South Flower Street, Suite 600, Los Angeles, CA 90017, (213) 687-8777.

ADDENDUM TO LEASE DATED APRIL 16, 1998 BY AND BETWEEN DEL ORO GATEWAY PARTNERS, L.P. AS LESSOR AND SERACARE, INC. AS LESSEE FOR THE PROPERTY LOCATED AT 4095 CALLE PLATINO, SUITE F, OCEANSIDE, CALIFORNIA.

49. MONTHLY RENT SCHEDULE:

The minimum rent provided for in Paragraph 1.5 shall increase according to the following schedule:

Months 1-12: $3,224.32 per month AIR industrial gross
Months 13-24: $3,321.05 per month AIR industrial gross
Months 25-36: $3,420.68 per month AIR industrial gross
Months 37-48: $3,523.30 per month AIR industrial gross
Months 49-60: $3,629.00 per month AIR industrial gross

50. PREMISES CONDITION:

Lessor, at its sole cost and expense, shall provide the following improvements to the Premises:

(a) Approximately 755 square feet of improved office area that will include HVAC, windows, doors, light fixtures, electrical and plumbing systems. Office layout to be mutually agreed between Landlord and Tenant.

(b) Approximately 1,000 square feet of production area with HVAC, drop ceiling and tile floor.

51. TENANT IMPROVEMENT ALLOWANCE:

Landlord shall provide tenant improvement allowance of up to half of the total cost for mutually agreed upon build-out in addition to the 755 square feet provided in the offering rate. The Landlord's improvement allowance will be capped at $20,000.00 and amortized over five (5) years at an interest rate of nine (9%) percent and added to the monthly base rent.

Space to include five (5) offices, administrative open area, conference room coffee bar/kitchen area.

52. FIRST RIGHT OF REFUSAL:

Tenant shall be given the first right of refusal to lease the adjacent Suite E. Once the Landlord has received an acceptable, true lease offer from another party, Tenant will have forty-eight (48) hours to accept the Premises with the same terms and conditions of the third party offer. Tenant's acceptance of the Premises must be given to Landlord in writing.

53. OPTION TO EXTEND LEASE:

Tenant shall be given one (1) five-year option to extend this Lease. The rental rate will be negotiated by Landlord and Tenant six (6) months prior to the expiration of the original term. In order to exercise the option to extend the Lease, the Tenant must notify Landlord in writing six (6) months in advance of the expiration of the original lease term.

54. ITEM 4.2(A):

The common area operating expenses shall be capped at $.05 per square foot per month in year (1) one, escalating at a fixed rate of three (3%) percent per year over the term of the lease.

55. ITEM 6.2:

Western States Group agrees to comply with all Federal, State, and Local agencies governing blood plasma. Including the FDA, ADRA, OSHA, and the San Diego County Health Department.

56. ITEM 9.6:

In the event of damage to the Premises which impairs the Lessee's ability to use the Premises for the business purposes intended, then the amounts payable by Lessee for Base Rent, Common Area Operating Expenses and other charges payable under the terms of this Lease Agreement shall be reduced (abated) in direct proportion to Lessee's ability to use such facilities until use is restored. By way of explanation, if fifty (50%) percent of the Premises occupied by Lessee are damaged such that Lessee cannot use fifty (50%) percent of the Premises herein leased, there shall be a fifty (50%) percent reduction in the amounts payable under the terms of this Lease until such damage is repaired and Lessee is again able to use the Premises leased herein.

AGREED AND ACCEPTED:

LESSOR:	LESSEE:
DEL ORO GATEWAY PARTNERS, L.P.	SERA CARE, INC.
By: /s/ William A. Shirley	By: /s/ Michael Crowley, Jr.
William A. Shirley	Michael Crowley, Jr.
Date:_____	Date:_____

EXHIBIT A

HAZARDOUS MATERIALS WARNING AND DISCLAIMER
(SALE AND/OR LEASE OF PROPERTY)

Re: 4095 Calle Platino, Suite F

Various materials utilized in the construction of any improvements to the Property may contain materials that have been or may in the future be determined to be toxic, hazardous or undesirable and may need to be specially treated, specially handled and/or removed from the Property. For example, some electrical transformers and other electrical components can contain PCBs, and asbestos has been used in a wide variety of building components such as fire-proofing, air duct insulation, acoustical tiles, spray-on acoustical materials, linoleum, floor tiles and plaster. Due to current or prior uses, the Property or improvements may contain materials such as metals, minerals, chemicals, hydrocarbons, biological or radioactive materials and other substances which are considered, or in the future may be determined to be, toxic wastes, hazardous materials or undesirable substances. Such substances may be in above- and below-ground containers on the Property or may be present on or in soils, water, building components or other portions of the Property in areas that may or may not be accessible or noticeable.

Current and future federal, state and local laws and regulations may require the clean-up of such toxic, hazardous or undesirable materials at the expense of those persons who in the past, present or future have had any interest in the Property including, but not limited to, current, past and future owners and users of the Property. Owners and Buyers/Lessees are advised to consult with independent legal counsel or experts of their choice to determine their potential liability with respect to toxic, hazardous, or undesirable materials. Owners and Buyers/Lessees should also consult with such legal counsel or experts to determine what provisions regarding toxic, hazardous or undesirable materials they may wish to include in purchase and sale agreements, leases, options and other legal documentation related to transactions they contemplate entering into with respect to the Property.

The real estate salespersons and brokers in this transaction have no expertise with respect to toxic wastes, hazardous materials or undesirable substances. Proper inspections of the Property by qualified experts are an absolute necessity to determine whether or not there are any current or potential toxic wastes, hazardous materials or undesirable substances in or on the Property. The real estate salespersons and brokers in this transaction have not made, nor will they make, any representations, either express or implied, regarding the existence or nonexistence of toxic wastes, hazardous materials, or undesirable substances in or on the Property. Problems involving toxic wastes, hazardous materials or undesirable substances can be extremely costly to correct. It is the responsibility of the Owners and Buyers/Lessees to retain qualified experts to deal with the detection and correction of such matters.

AMERICANS WITH DISABILITIES ACT DISCLOSURE

The United States Congress has enacted the Americans With Disabilities Act (the

"ADA"), a federal law codified at 42 USC (S) 12101 et seq., which became effective January 26, 1992. Owners and lessees are subject to this law which, among other things, is intended to make business establishments equally accessible to persons with a variety of disabilities. Under this law, modifications to real property improvements may be required by owners and lessees. Owners and lessees may delegate between themselves costs and responsibilities for meeting the requirements of the law but the fact that responsibilities have been allocated does not reduce or negate liability to an individual with a disability who files and wins a lawsuit. Broker strongly recommends that owners and lessees consult design professionals, architects or attorneys to advise them with respect to the law's applicability and to prepare, if necessary, any language in leases or other contracts. The undersigned acknowledge that Broker is not qualified as an expert in this matter.

OWNER	BUYER/LESSEE:
Del Oro Gateway Partners, L.P.	The Western States Group, Inc.
By: /s/ William A. Shirley	By: /s/ Michael Crowley, Jr.
William A. Shirley	Michael Crowley, Jr.
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT C

DEL ORO GATEWAY COMMERCE CENTRE

TENANT RULES & REGULATIONS

1. Use of Leased Premises. The premises shall be used only for manufacturing, processing, storage, wholesale, office, laboratory, professional, and research and development activities or for such other uses as may be permitted under the PD-I zone in effect in the City of Oceanside. There shall not be permitted any junk or salvage yard or any other use which will be offensive to adjoining tenants or the neighborhood by reason of odor, fumes, dust smoke, bright lights, noise, visibility or pollution or will be hazardous by reason of danger of fire or explosions.

2. Use of Common Areas. The Common Area shall be used only for vehicular loading, vehicular parking and vehicular and pedestrian movement within the Property. No business is to be conducted by any tenant in any Common Area space and no storage of any kind will be allowed except with prior written permission of the owner. Tenant will be charged for special cleanups if required as a result of tenant's activities.

3. Parking. Each tenant shall be allocated 3.0 parking spaces per 1,000 square feet of leased space. All vehicles must be parked in designated parking spaces and kept clear of all designated loading areas and fire lanes.

4. Restrictions on Conduct of Business. The permitted uses described in Paragraph 1 above shall be conducted under the following conditions:

A. Noise. No tenant shall produce noise at such levels as will be offensive to adjoining tenants or to the neighborhood.

B. Vibration. Equipment creating earthshaking vibrations shall be set back a sufficient distance from demising walls and shall be so mounted as to eliminate vibration hazard or nuisance beyond tenant's demising walls.

C. Smoke. No tenant shall discharge into the atmosphere any air contaminant producing a public nuisance or hazard.

D. Toxic or Noxious Matter. No tenant shall discharge into the sewer

system or storm drain any toxic or noxious matter in such concentration as to be detrimental to or endanger the public health, safety, welfare or cause injury or damage to neighboring property or business.

E. Odorous Matter. No tenant shall emit odorous matter in such quantity as to be readily detectable beyond its leased premises.

F. Fire and Explosive Hazards. Storage, utilization or manufacture of active burning materials shall be so accomplished as to be accessible to the automatic sprinkler system installed by owner. Materials which produce flammable or explosive vapors or gases under ordinary weather temperatures shall not be permitted except where required for emergency equipment or incidental to a principal operation such as paint spraying. In such cases, adequate protection shall be provided in conformance with the City Building Code.

G. Glare or Heat. Any operation producing intense glare or heat shall be performed so as not to create a public nuisance or hazard.

H. Air Pollution. No tenant shall discharge into the air pollutants or contaminants sufficient to create a nuisance, and no processes which by their nature are likely to cause air pollution shall be undertaken or permitted unless there is available an adequate, economically feasible method of controlling the emission of contaminants, and such controls are applied by tenant.

I. Hazardous Waste. All hazardous waste materials must be properly stored and promptly disposed of by tenant in accordance with all applicable governmental regulations. Tenant is responsible for obtaining and keeping current required governmental permits. Tenant may be required to purchase special insurance covering owner from any liability resulting from storage of hazardous waste materials.

5. Signs. No billboards or outdoor advertising of any sort will be permitted. All signs shall be of standard design in accordance with Owner's Sign Criteria provided tenant. All signs proposed by tenant must be approved by Owner in writing.

6. Access. Lessor reserves the right to refuse access to any persons Lessor, in good faith, judges to be a threat to the safety, reputation, or property of the Industrial Center and its occupants.

7. Rules & Regulations. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Industrial Center and its occupants. Lessee agrees to abide by these and such other rules and regulations.

Tenant _____ Date _____

EXHIBIT D

PROPOSED SIGNAGE

DEL ORO GATEWAY COMMERCE CENTRE
LOT B - RANCHO DEL ORO - OCEANSIDE, CA.

SE LION COMMERCE CENRE
LOT 29 - CARLSBAD OAKS EAST BUSINESS PARK - CARLSBAD, CA.

DEL ORO GATEWAY COMMERCE CENTRE

SIGN CRITERIA

GENERAL

A. All proposed exterior signs shall be in accordance with the City Of Oceanside and the Rancho Del Oro Technology Park Guidelines

B. All typeface shall be optima and a maximum of ten inches with logos a maximum of twelve inches in height.

C. Signage shall not be illuminated.

D. All letters and/or logos shall be individually formed plastic letters with integral black color mounted to building face.

E. No fascia mounted or free-standing signs shall be permitted.

F. Individual tenant ground signs are not permitted.

TENANT IDENTIFICATION

A. Tenant identification signage shall be located as indicated on Exhibit A.

B. Maximum sign area, per sign, shall not exceed five square feet.

_____ _____
Date Tenant

FIRST AMENDMENT TO STANDARD INDUSTRIAL LEASE - MULTI TENANT - GROSS DATED APRIL 16, 1998 BY AND BETWEEN DEL ORO GATEWAY PARTNERS, A CALIFORNIA LIMITED PARTNERSHIP, AS LESSOR, AND THE WESTERN STATES GROUP, INC., AS LESSEE.

RECITALS

1. Both parties agree that DEL ORO GATEWAY PARTNERS, L.P., as Lessor, and THE WESTERN STATES GROUP, INC., as Lessee, entered into a lease agreement dated April 16, 1998 for the premises located at 1935 Avenida Del Oro, Suite F, Oceanside, California.

2. LESSEE desires to expand the premises of the lease to include Suite E.

NOW THEREFORE, this First Amendment dated January 6, 1999 shall serve to modify the terms and conditions of the above referenced Lease. DEL ORO GATEWAY PARTNERS, L.P. and THE WESTERN STATES GROUP, INC. hereby agree to the following:

1. Expanded Premises:

The premises shall be expanded an additional 5,760 sq. ft. to include Suite E (approximately 5,760 sq.ft.). The new premises of Suites E and F total approximately 10,798 sq.ft.

2. Monthly Base Rent for Suite E:

March 1, 1999* to September 7, 1999 **	$3,744.00/month (.65 x 5760 Sq. Ft.)
September 8, 1999 to September 7, 2000	$3,856.32/month
September 8, 2000 to September 7, 2001	$3,972.00/month
September 8, 2001 to September 7, 2002	$4,091.16/month
September 8, 2002 to September 7, 2003	$4,213.89/month

*Should tenant improvements specified below not be completed by March 1, 1999, Lessee shall pay one half rent until complete.

**The Annual Anniversary Date and Ending Date for Suite E are intended to

match with the Anniversary Date and Ending Date for Suite F in the Second Addendum to the existing lease Dated April 16, 1998.

3. Common Area Operating Expenses:

The common area operating expenses shall be capped at $.05 per square foot per month in year (1) one, escalating at a fixed rate of three (3%) percent per year over the term of the lease.

4. Early Occupancy:

Lessee shall be given early occupancy of Suite E approximately January 6, 1999.

5. Tenant Improvements:

Lessor shall provide the tenant improvements shown on the attached space plan dated January 5, 1999.

All other terms and conditions of the Lease shall remain unchanged.

LESSOR:	LESSEE:
DEL ORO GATEWAY PARTNERS, L.P., a California Limited Partnership	THE WESTERN STATES GROUP, INC., a California Corporation
/s/ William A. Shirley	/s/ Michael Crowley, Jr.
William A. Shirley	Michael Crowley, Jr.
Date	Date

EXHIBIT 10.7.1

ASSIGNMENT OF LEASES

(Assignment and Assumption Agreement)

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made and entered into as of October 19, 1999 by and between Del Oro Gateway Partners, L.P., a California limited partnership ("Assignor"), and Arthur Kazarian, Trustee for General Wood Investment Trust ("Assignee").

WITNESSETH:

WHEREAS, Assignor and Assignee entered into that certain Letter of Intent ("Agreement") dated September 16, 1999 for the sale and purchase of certain property, commonly known as 1935 Avenida Del Oro, Oceanside, CA , (the "Real Property") including all personal property (the "Personal Property") and intangible property (the "Intangible Property").

WHEREAS the "Intangible Property" includes the "Leases" (the term Leases shall also include Rental Agreements) and "Deposits" as said terms are more particularly defined in this Assignment and Assumption Agreement;

WHEREAS, Assignor desires to assign, transfer, set over and deliver to Assignee all of Assignor's right, title and interest in and to the Leases and Deposits as hereinafter provided; and

WHEREAS, Assignee desires to assume the duties and obligations of Assignor with respect to the Leases and Deposits.

NOW, THEREFORE, for valuable consideration, receipt of which is hereby acknowledged, and in consideration of the promises and conditions contained herein, the parties hereby agree as follows:

1. Assignor does hereby assign, transfer, set over and deliver unto Assignee all of the Assignor's right, title and interest in and to the following:

a. Any and all leases, rental agreements, tenancies, licenses and other rights of occupancy or use of or for any portion of the Real Property or the Personal Property (including all amendments, renewals and extensions thereof), to the extent same are in effect as of the date of this Assignment and Assumption Agreement (collectively, "Leases"); and

b. Any and all refundable tenant security deposits and other deposits, and interest thereon, in Assignor's possession as of the date of this Agreement with respect to said Leases (collectively "Deposits").

2. Assignee hereby accepts the foregoing assignment of the Leases and Deposits and hereby assumes all duties and obligations of Assignor under the Leases, and Deposits, now in effect on the Property. Assignee shall defend, indemnify and hold harmless Assignor from and against any all "Claims" asserted against or incurred by Assignor as a result of any acts or omissions of Assignee, occurring on or after the effective date of this Assignment and Assumption Agreement, in connection with any duties or obligations of Assignee under the Leases, and Deposits.

3. Assignor shall defend, indemnify and hold harmless Assignee from, and against any and all "Claims" asserted against or incurred by Assignee as a result of any acts or omissions of Assignor, occurring prior to the effective date of this Assignment and Assumption Agreement, in connection with any duties or obligations of Assignor under the Lease and Deposits.

4. "Claims" means claims, demands, causes of action, losses, damages, liabilities, judgments, costs and expenses (including attorneys' fees, whether suit is instituted or not).

5. This Agreement shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.

6. The Effective Date shall be the date on which the Grant Deed conveying title to the Property, to Assignee, is recorded.

IN WITNESS WHEREOF, the parties have caused these presents to be executed on the day and year first above written.

ASSIGNOR:

Del Oro Gateway Partners, L.P., a California limited partnership

By: Real Estate 2, LLC, a California limited liability company

By: /s/ John M. Tworoger

John M. Tworoger

ASSIGNEE:

/s/ Arthur Kazarian

Arthur Kazarian, Trustee for General Wood Investment Trust

Its: Managing Member

SECOND ADDENDUM TO LEASE DATED APRIL 16, 1998

1. Acknowledgment of Lease Commencement and Anniversary Date:

The undersigned parties acknowledge that the Lease described below is in full force and effect and that Tenant has taken possession of the space.

Date of Lease	April 16, 1998
Landlord:	Del Oro Gateway Partners, L.P.
Tenant:	The Western States Group, Inc.
Suite No:	F
Square feet of rentable area:	5,038 Square Feet
Building Address:	1935 Avenida Del Oro, Suite F
City/County/State/Zip:	Oceanside, San Diego County, CA 92056

The commencement date of the initial Lease term as set forth in paragraph 1.3 of the above Lease shall be adjusted as follows:

Commencement date (month, day, year):	September 8, 1998
Annual Anniversary date (month, day):	September 8
Ending date (month, day, year):	September 7, 2003

2. Premises - Section 1.2(a) Premises is now amended to reflect the correct street address as: 1935 Avenida Del Oro, Suite F

3. All other terms and conditions of the lease remain the same.

The entire Lease is hereby affirmed and incorporated herein.

LANDLORD (To be signed upon occupancy)	TENANT (To be signed upon occupancy)
By: /s/ William A. Shirley	By: /s/ Michael Crowley, Jr.
William A. Shirley	Michael Crowley, Jr.
Title:_____	Title:_____
Date Signed:_____	Date Signed:_____

EXHIBIT 10.8

MASTER SEPARATION AND DISTRIBUTION AGREEMENT

BETWEEN

SERACARE, INC.

AND

SERACARE LIFE SCIENCES, INC.

JUNE 10, 2001

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MASTER SEPARATION AND DISTRIBUTION AGREEMENT

This Master Separation and Distribution Agreement (this "Agreement") is entered into as of June 10, 2001, by and between SeraCare, Inc., a Delaware corporation ("SeraCare"), and SeraCare Life Sciences, Inc., a California corporation and wholly-owned subsidiary of SeraCare ("Life Sciences"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in Article IX hereof. SeraCare and Life Sciences are sometimes referred to herein individually as a "party" or collectively as the "parties."

RECITALS

WHEREAS, SeraCare is simultaneously herewith entering into an Agreement and Plan of Merger (the "Merger Agreement") with Instituto Grifols, S.A., a company organized under the laws of Spain ("Grifols"), pursuant to which SeraCare will merge with SI Merger Corp., a Delaware corporation and wholly-owned subsidiary of Grifols (the "Merger"), provided that all of the conditions precedent to the Merger set forth in the Merger Agreement have been satisfied;

WHEREAS, the Boards of Directors of SeraCare and Life Sciences have determined that, in connection with and prior to the Merger, it is appropriate and desirable for SeraCare to contribute and transfer to Life Sciences, and for Life Sciences to receive and assume, substantially all of the assets and liabilities associated with the Life Sciences Business not currently held by Life Sciences (the "Separation");

WHEREAS, the Board of Directors of SeraCare has determined that it is appropriate and desirable on the terms and conditions contemplated hereby to distribute to the holders of its common stock, $0.001 par value, by means of a pro rata distribution immediately prior to the effective time of the Merger, all of the shares of Life Sciences common stock (the "Distribution"), provided that all of the conditions precedent to the Distribution set forth in this Agreement are satisfied; and

WHEREAS, the parties hereto desire to set forth herein the principal transactions to be effected in connection with the Separation and the Distribution and certain other matters relating to the relationship and the respective rights and obligations of the parties following the Distribution.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth below, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I
SEPARATION

SECTION 1.1 Separation Date. Unless otherwise provided in this Agreement, or in any agreement to be executed in connection with this Agreement, the

effective time and date of each transfer of property, assumption of liability, license, undertaking, or agreement in connection with the Separation shall be 12:01 a.m., Pacific Time, immediately before the consummation of the Merger, or such other date and time as may be fixed by the Board of Directors of SeraCare (the "Separation Date").

SECTION 1.2 Closing of Transactions. Unless otherwise provided herein, the closing of the transactions contemplated in Article II shall occur by the lodging of each of the executed instruments of transfer, assumptions of liability, undertakings, agreements, instruments or other documents executed or to be executed with Proskauer Rose LLP, 1585 Broadway, New York, NY 10036 ("Proskauer"), to be held in escrow for delivery as provided in Section 1.3 of this Agreement.

SECTION 1.3 Exchange of Secretary's Certificates. Upon receipt of a certificate of the Secretary of SeraCare in the form attached to this Agreement as Exhibit A, SeraCare shall deliver to Life Sciences all of the items required to be delivered by SeraCare hereunder pursuant to Section 2.1 of this Agreement and each such item shall be deemed to be delivered to Life Sciences as of the Separation Date upon delivery of such certificate. Upon receipt of a certificate of the Secretary of Life Sciences in the form attached to this Agreement as Exhibit B, Life Sciences shall deliver to SeraCare all of the items required to be delivered by Life Sciences pursuant to Section 2.2 hereunder and each such item shall be deemed to be delivered to SeraCare as of the Separation Date upon receipt of such certificate.

ARTICLE II
DOCUMENTS AND ITEMS TO BE DELIVERED ON OR BEFORE THE SEPARATION DATE

SECTION 2.1 Documents To Be Delivered By SeraCare. On or before the Separation Date, SeraCare will deliver to Life Sciences all of the following items and agreements (collectively, together with all agreements and documents contemplated by such agreements, the "Ancillary Agreements"):

(a) A duly executed General Assignment and Assumption Agreement (the "Assignment Agreement") substantially in the form attached hereto as Exhibit C;

(b) A duly executed Trademark License Agreement substantially in the form attached hereto as Exhibit D;

(c) A duly executed Employee Matters Agreement substantially in the form attached hereto as Exhibit E;

(d) A duly executed Tax Matters Agreement substantially in the form attached hereto as Exhibit F;

(e) A duly executed Supply and Services Agreement substantially in the form attached hereto as Exhibit G; and

(f) Such other agreements, documents or instruments as the parties may agree are necessary or desirable in order to achieve the purposes hereof.

SECTION 2.2 Documents to be Delivered by Life Sciences. As of the Separation Date, Life Sciences will deliver to SeraCare all of the following:

(a) In each case where Life Sciences is a party to any agreement or instrument referred to in Section 2.1, a duly executed counterpart of such agreement or instrument.

ARTICLE III
THE DISTRIBUTION AND ACTIONS PENDING THE DISTRIBUTION

SECTION 3.1 Transactions Prior to the Distribution. Subject to the conditions specified in Section 3.3, SeraCare and Life Sciences shall use their reasonable commercial efforts to consummate the Distribution. Such efforts shall include, but not necessarily be limited to, those specified in this Section 3.1.

(a) Registration Statement. Life Sciences, with the cooperation and assistance of SeraCare, shall prepare a Form 10 Registration Statement (the "Form 10 Registration Statement") in order to register the common stock of Life Sciences under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"), and will, as soon as practicable following the date hereof, use its commercially reasonably efforts to promptly file with the Securities and Exchange Commission (the "Commission") the Form 10 Registration Statement and such amendments or supplements thereto as may be necessary in order to cause the Form 10 Registration Statement to become and to remain effective as required by law, including, but not limited to, such amendments to the Form 10 Registration Statement as may be required by the Commission or federal, state or foreign securities laws. SeraCare and Life Sciences shall also cooperate in preparing and filing with the Commission any registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement.

(b) Information Statement. SeraCare and Life Sciences shall prepare and mail, prior to the Distribution Date, to the holders of common stock of SeraCare, such information concerning Life Sciences and the Distribution and such other matters as SeraCare and Life Sciences shall reasonably determine are necessary and as may be required by law (the "Information Statement"). SeraCare and Life Sciences will prepare, and Life Sciences will, to the extent required under applicable law, file with the Commission any such documentation which SeraCare and Life Sciences reasonably determine is necessary or desirable to effectuate the Distribution, and SeraCare and Life Sciences shall each use its

reasonable commercial efforts to obtain all necessary approvals from the Commission with respect thereto as soon as practicable.

(c) Option Plan. SeraCare and Life Sciences shall cooperate in the preparation and adoption by Life Sciences of a stock option plan (the "Option Plan").

(d) Board of Directors. SeraCare and Life Sciences shall appoint those persons listed on Schedule 3.1(d) hereto to the Board of Directors of Life Sciences (to the extent that such persons do not currently serve in such capacity).

(e) Other Actions. SeraCare and/or Life Sciences, as appropriate, shall take those actions set forth on Schedule 3.1(e) hereto.

SECTION 3.2 The Distribution.

(a) Delivery of Shares for Distribution. Subject to Section 3.3 hereof, on or prior to the date the Distribution is effective (the "Distribution Date"), SeraCare will deliver to the distribution agent (the "Distribution Agent") to be appointed by SeraCare to distribute to the stockholders of SeraCare the shares of common stock of Life Sciences held by SeraCare pursuant to the Distribution for the benefit of holders of record of common stock of SeraCare on the Record Date, a single stock certificate, endorsed by SeraCare in blank, representing all of the outstanding shares of common stock of Life Sciences then owned by SeraCare, and shall cause the transfer agent for the shares of common stock of SeraCare to instruct the Distribution Agent to distribute on the Distribution Date the appropriate number of such shares of common stock of Life Sciences to each such holder or designated transferee or transferees of such holder.

(b) Shares Received. Subject to Section 3.3, each holder of common stock of SeraCare on the Record Date (or such holder's designated transferee or transferees) will be entitled to receive in the Distribution a number of shares of common stock of Life Sciences equal to the number of shares of common stock of SeraCare held by such holder on the Record Date.

(c) Options and Warrants Received. Subject to Section 3.3, each holder on the Record Date of stock options (the "SeraCare Options") or warrants (the "SeraCare Warrants") to purchase the common stock of SeraCare will be entitled to receive in connection with the Distribution new options or warrants, as applicable, (i) to purchase a number of shares of Life Sciences Common Stock equal to the number of shares underlying the SeraCare Options or SeraCare Warrants held by such holder on the Record Date, with an exercise price equal to

the Calculated Exercise Price, and (ii) to purchase a number of shares of SeraCare Common Stock equal to the number of shares underlying the SeraCare Options or SeraCare Warrants held by such holder on the Record Date, with an exercise price equal to the Adjusted Exercise Price.

(d) Obligation to Provide Information. Life Sciences and SeraCare, as the case may be, will provide to the Distribution Agent all share certificates and any information required in order to complete the Distribution on the basis specified above.

(e) Conditions. SeraCare and Life Sciences shall take all reasonable steps necessary and appropriate to cause the conditions set forth in Section 3.3 to be satisfied and to effect the Distribution on the Distribution Date.

SECTION 3.3 Conditions to Distribution. The obligations of the parties to to consummate the Distribution shall be conditioned on the satisfaction, or written waiver by SeraCare, of the following conditions:

(a) Government Approvals. Any material governmental approvals and consents necessary to consummate the Distribution shall have been obtained and be in full force and effect.

(b) Registration Statement. The Form 10 Registration Statement shall have been filed and declared effective by the Commission, there shall be no stop-order in effect with respect thereto, and the Information Statement shall have been mailed to the holders of Common Stock of SeraCare..

(c) No Legal Restraints. No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Distribution or any of the other transactions contemplated by this Agreement shall be in effect.

(d) Separation. The transfer of the Life Sciences Assets and assumption of the Life Sciences Liabilities shall have been effected pursuant to Section 1.1 of the Assignment Agreement.

(e) Option Plan. The Option Plan shall have been duly adopted.

(f) Board of Directors. The Board of Directors of Life Sciences shall consist of the persons listed on Schedule 3.1(d).

(g) Other Actions. The actions set forth on Schedule 3.1(e), and such other actions as the parties hereto may, based upon the advice of counsel, reasonably request to be taken prior to the Distribution in order to assure the successful completion of the Distribution, shall have been taken.

(h) No Material Adverse Effect. No events or developments shall have occurred subsequent to the Separation Date that, in the judgment of the Board of Directors of SeraCare, would result in the Distribution having a material adverse effect on SeraCare or on the stockholders of SeraCare.

(i) No Termination. This Agreement shall not have been terminated.

(j) Merger. All conditions precedent to the Merger (other than Section 9.1(e) of the Merger Agreement with respect to the Distribution) shall have been satisfied or waived by the party for whose benefit such condition exists and each of the parties to the Merger Agreement shall be prepared to close the Merger immediately after the Distribution.

SECTION 3.4 Sole Discretion of SeraCare. SeraCare shall, in its sole and absolute discretion, determine the date of the consummation of the Distribution and all terms of the Distribution, including, without limitation, the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing of and conditions to the consummation of the Distribution. In addition, SeraCare may at any time and from time to time until the completion of the Distribution modify or change the terms of the Distribution, including, without limitation, by accelerating or delaying the timing of the consummation of all or part of the Distribution. Life Sciences shall cooperate with SeraCare in all respects to

accomplish the Distribution and shall, at SeraCare's direction, promptly take any and all actions necessary or desirable to effect the Distribution. Notwithstanding this Section 3.4, SeraCare agrees that it shall not take any actions that are inconsistent with this Agreement and the Ancillary Agreements.

ARTICLE IV
NONCOMPETITION AGREEMENTS

SECTION 4.1 Life Sciences Noncompetition Agreement. Life Sciences agrees that, commencing on the Distribution Date and for a period of five (5) years thereafter, Life Sciences shall not, and shall cause its Subsidiaries not to, engage in the SeraCare Protected Business (as herein defined) in the United States (the "Noncompetition Territory"). The term "SeraCare Protected Business" means owning and/or operating plasma collection facilities.

SECTION 4.2 Nonsolicitation. To protect SeraCare against any efforts by

Life Sciences to cause employees of SeraCare to terminate their employment with SeraCare, Life Sciences agrees that for a period of two (2) years following the date hereof, no officer or director of Life Sciences will (i) solicit any employee of SeraCare to accept employment with Life Sciences, or (ii) assist any other entity in hiring any such employee, and for such two year period Life Sciences will use reasonable efforts to prevent employees or affiliates from making solicitations referenced in (i) or (ii) above.

ARTICLE V
MUTUAL RELEASES AND INDEMNIFICATION

SECTION 5.1 Life Sciences Release. Except as provided in Section 5.3 to this Agreement, effective as of the Separation Date, Life Sciences does hereby release and forever discharge SeraCare and each member of the SeraCare Group from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Separation Date, including in connection with the transactions and all other activities to implement any of the Separation and the Distribution.

SECTION 5.2 SeraCare Release. Except as provided in Section 5.3 to this Agreement, effective as of the Separation Date, SeraCare does hereby, for itself and as agent for each member of the SeraCare Group, release and forever discharge the Life Sciences and each member of the Life Sciences Group from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Separation Date, including in connection with the transactions and all other activities to implement any of the Separation and the Distribution.

SECTION 5.3 No Impairment. Nothing contained in Section 5.1 or Section 5.2 shall impair any right of any Person arising under this Agreement or any Ancillary Agreement, in each case in accordance with its terms.

SECTION 5.4 No Actions As To Released Claims. Life Sciences agrees, for itself and as agent for each member of the Life Sciences Group, not to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against SeraCare or any member of the SeraCare Group, or any other Person released pursuant to Section 5.1, with respect to any Liabilities released pursuant to Section 5.1. SeraCare agrees, for itself and as agent for each member of the SeraCare Group, not to

make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Life Sciences or any member of the Life Sciences Group, or any other Person released pursuant to Section 5.2, with respect to any Liabilities released pursuant to Section 5.2.

SECTION 5.5 Indemnification by Life Sciences. Except as otherwise provided in this Agreement or any of the Ancillary Agreements, Life Sciences shall indemnify, defend (including but not limited to the payment of reasonable attorneys' fees and expenses) and hold harmless SeraCare, each member of the SeraCare Group, Instituto Grifols, S.A. and its affiliates and each of their respective directors, officers and employees (the "SeraCare Indemnitees") from and against any and all Liabilities that any third party seeks to impose upon the SeraCare Indemnitees, or which are imposed upon the SeraCare Indemnitees, and that (without duplication) primarily relate to, arise out of or result from (i) the Life Sciences Business prior to the Separation Date; (ii) the Life Sciences Business after the Separation Date; (iii) any Life Sciences Liability or any Life Sciences Contract; (iv) any breach by Life Sciences or any member of the Life Sciences Group of the Separation Agreement or any of the Ancillary Agreements; or (v) any Liabilities arising in connection with or resulting from the Form 10 Registration Statement or the Information Statement. This Section 5.5 shall not apply to any amounts actually recovered from any third party and/or covered by any insurance policy by SeraCare in respect of the related loss, subject to the obligation to make interim payments set forth in Section 5.8 below.

SECTION 5.6 Indemnification by SeraCare. Except as otherwise provided in this Agreement or any of the Ancillary Agreements, SeraCare shall, for itself and as agent for each member of the SeraCare Group, including Instituto Grifols, S.A. and its affiliates, indemnify, defend (including but not limited to the payment of reasonable attorneys' fees and expenses) and hold harmless Life Sciences, each member of the Life Sciences Group and each of their respective directors, officers and employees (the "Life Sciences Indemnitees") from and against any and all Liabilities that any third party seeks to impose upon the Life Sciences Indemnitees, or which are imposed upon the Life Sciences Indemnitees, and that (without duplication) relate to, arise out of or result from (i) the Life Sciences Business prior to the Separation Date to the extent that such items are the responsibility of SeraCare pursuant to this Agreement or the Ancillary Agreements; (ii) the SeraCare Business or any Liability of the SeraCare Group other than the Life Sciences Liabilities; or (iii) any breach by SeraCare or any member of the SeraCare Group of the Separation Agreement or any of the Ancillary Agreements, including, without limitation, the obligation to pay any Excluded Liabilities. This Section 5.6 shall not apply to any amounts actually recovered from any third party and/or covered by any insurance policy by Life

Sciences in respect of the related loss, subject to the obligation to make interim payments set forth in Section 5.8 below.

SECTION 5.7 Indemnified Party. The party entitled to indemnification hereunder (the "Indemnified Party") shall promptly notify the party obligated to provide indemnification ("the Indemnifying Party") of any claim for which indemnification is sought pursuant to this Agreement in writing and in reasonable detail and accompanied by reasonable supporting documentation. With respect to any claim made by a third party against which an Indemnified Party is seeking indemnification hereunder, the Indemnifying Party shall have the right, at its own expense, to participate in or assume control of the defense of such claim, and the Indemnified Party shall fully cooperate with the Indemnifying Party subject to reimbursement for reasonable out-of-pocket expenses incurred as a result of such request by the Indemnifying Party. If the Indemnifying Party either does not elect to assume control or otherwise participate in the defense of any third party claim, the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such claim.

SECTION 5.8 Insurance Claims. If SeraCare's insurance carrier fails to make a payment when due with respect to any covered claim under Section 5.5 above, then upon written notice from SeraCare, Life Sciences shall make an interim payment to SeraCare, provided further, that if such interim payment is made, SeraCare shall immediately assign to Life Sciences its right to recover such claim from its insurance carrier (to the extent of the interim payment received by SeraCare), and if payment for such claim is nonetheless made directly to SeraCare, SeraCare shall immediately turn over the proceeds from such claim to Life Sciences (to the extent of the interim payment received by SeraCare). If Life Sciences's insurance carrier fails to make a payment when due with respect to any covered claim under Section 5.6 above, then upon written notice from Life Sciences, SeraCare shall make an interim payment to Life Sciences, provided further, that if such interim payment is made, Life Sciences shall immediately assign to SeraCare its right to recover such claim from its insurance carrier (to the extent of the interim payment received by Life Sciences), and if payment for such claim is nonetheless made directly to Life Sciences, Life Sciences shall immediately turn over the proceeds from such claim to SeraCare (to the extent of the interim payment received by Life Sciences).

SECTION 5.9 Further Instruments. At any time, SeraCare or Life Sciences will, at the request of the other, cause any member of its respective Group to execute and deliver to the other party releases reflecting the provisions of this Article V.

ARTICLE VI
INSURANCE MATTERS

SECTION 6.1 Life Sciences Insurance Coverage After the Separation Date. Except as provided herein or in any Ancillary Agreement (including, without limitation, Section 1.2(a)(v) of the Assignment Agreement), the Excluded Assets shall include any and all rights of an insured party under each of SeraCare's Insurance Policies. From and after the Separation Date, Life Sciences shall be responsible for obtaining and maintaining insurance programs for its risk of loss and such insurance arrangements shall be separate and apart from SeraCare's

insurance programs. Notwithstanding the foregoing, SeraCare, upon the request of Life Sciences,

shall use commercially reasonable efforts to assist Life Sciences in the transition to its own separate insurance programs from and after the Separation Date, and shall provide Life Sciences with any information that is in the possession of SeraCare and is reasonably available and necessary either to obtain insurance coverages for Life Sciences or to assist Life Sciences in preventing unintended self-insurance, in whatever form.

SECTION 6.2 Cooperation and Agreement Not to Release Carriers. Each of SeraCare and Life Sciences will share such information as is reasonably necessary in order to permit the other to manage and conduct its insurance matters in an orderly fashion. Each of SeraCare and Life Sciences, at the request of the other, shall cooperate with and use commercially reasonable efforts to assist the other in recoveries for claims made under any insurance policy for the benefit of any insured party, and neither SeraCare nor Life Sciences, nor any of their Subsidiaries, shall take any action which would intentionally jeopardize or otherwise interfere with either party's ability to collect any proceeds payable pursuant to any insurance policy. Except as otherwise contemplated by this Agreement or any Ancillary Agreement, after the Separation Date, neither SeraCare nor Life Sciences shall (and each party shall ensure that no member of its respective Group shall), without the consent of the other, provide any insurance carrier with a release, or amend, modify or waive any rights under any such policy or agreement, if such release, amendment, modification or waiver would adversely affect any rights or potential rights of any member of the other Group thereunder. However, nothing in this Section 6.2 shall (i) preclude any member of any Group from presenting any claim or from exhausting any policy limit, (ii) require any member of any Group to pay any premium or other amount or to incur any Liability, or (iii) require any member of any Group to renew, extend or continue any policy in force.

SECTION 6.3 Procedures With Respect to Insured Life Sciences Liabilities.

(a) Reimbursement. SeraCare shall seek Life Sciences' approval, which approval shall not be unreasonably withheld, to incur attorneys fees, costs (including internal costs), or any other amounts to pursue insurance recoveries from Insurance Policies for Insured Life Sciences Liabilities. SeraCare will bill Life Sciences and Life Sciences will reimburse SeraCare on a monthly basis for all such amounts incurred to pursue insurance recoveries from Insurance Policies for Insured Life Sciences Liabilities.

(b) Management Of Claims. Except as otherwise inconsistent with the provisions of any applicable Insurance Policy, the defense of claims, suits or actions giving rise to potential or actual Insured Life Sciences Liabilities will be managed (in conjunction with SeraCare's insurers, as appropriate) by the party that would have had responsibility for managing such claims, suits or

actions had such Insured Life Sciences Liabilities been Life Sciences Liabilities.

SECTION 6.4 Cooperation. SeraCare and Life Sciences shall cooperate with each other in all respects, and they shall execute any additional documents which are reasonably necessary, to effectuate the provisions of this Article VI.

SECTION 6.5 No Assignment or Waiver. This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be

construed to waive any right or remedy of the SeraCare Group or the Life Sciences Group in respect of any Insurance Policy or any other contract or policy of insurance.

SECTION 6.6 No Liability. Life Sciences does hereby agree that no member of the SeraCare Group shall have any Liability whatsoever as a result of the insurance policies and practices of SeraCare and its Subsidiaries as in effect at any time prior to the Separation Date, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

SECTION 6.7 Further Agreements. The parties acknowledge that they intend to allocate financial obligations without violating any laws regarding insurance, self-insurance or other financial responsibility. If it is determined that any action undertaken pursuant to this Agreement is violative of any insurance, self-insurance or related financial responsibility law or regulation, the parties agree to work together to do whatever is necessary to comply with such law or regulation while trying to accomplish, as much as possible, the allocation of financial obligations as intended in this Agreement.

ARTICLE VII
COVENANTS AND OTHER MATTERS

SECTION 7.1 Other Agreements. In addition to the specific agreements, documents and instruments that are Exhibits to this Agreement, SeraCare and Life Sciences agree to execute or cause to be executed by the appropriate parties and deliver, as appropriate, such other agreements, instruments and other documents as may be necessary or desirable in order to effect the purposes of this Agreement and the Ancillary Agreements.

SECTION 7.2 Further Instruments.

(a) At the request of Life Sciences and without further

consideration, SeraCare will execute and deliver, and will cause its applicable Subsidiaries to execute and deliver, to Life Sciences such other instruments of transfer, conveyance, assignment, substitution and confirmation and, subject to the terms and conditions hereof and in the Assignment Agreement, take such action as Life Sciences may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to Life Sciences and confirm Life Sciences' title to all of the assets, rights and other things of value contemplated to be transferred to Life Sciences pursuant to this Agreement, the Ancillary Agreements, and any documents referred to therein, to put Life Sciences in actual possession and operating control thereof and to permit Life Sciences to exercise all rights with respect thereto (including, without limitation, rights under contracts and other arrangements as to which the consent of any third party to the transfer thereof shall not have previously been obtained). At the request of SeraCare and without further consideration, Life Sciences will execute and deliver, and will cause its applicable Subsidiaries to execute and deliver, to SeraCare and its Subsidiaries all instruments, assumptions, novations, undertakings, substitutions or other documents and take such other action as SeraCare may reasonably deem necessary or desirable in order to have Life Sciences fully and unconditionally assume and discharge the liabilities contemplated to be assumed by Life Sciences under this

Agreement or any document in connection herewith and to relieve the SeraCare Group of any liability or obligation with respect thereto and evidence the same to third parties.

(b) At the request of SeraCare and without further consideration, Life Sciences will execute and deliver to SeraCare such other instruments of transfer, conveyance, assignment, substitution and confirmation and, subject to the terms and conditions hereof and in the Assignment Agreement, take such action as SeraCare may reasonably deem necessary or desirable in order more effectively to transfer, convey and assign to SeraCare and confirm SeraCare's title to all of the assets, rights and other things of value contemplated to be transferred to SeraCare pursuant to this Agreement, the Ancillary Agreements, and any documents referred to therein, to put SeraCare in actual possession and operating control thereof and to permit SeraCare to exercise all rights with respect thereto (including, without limitation, rights under contracts and other arrangements as to which the consent of any third party to the transfer thereof shall not have previously been obtained). At the request of Life Sciences and without further consideration, SeraCare will execute and deliver, and will cause its applicable Subsidiaries to execute and deliver, to Life Sciences all instruments, assumptions, novations, undertakings, substitutions or other documents and take such other action as Life Sciences may reasonably deem necessary or desirable in order to have SeraCare fully and unconditionally assume and discharge the liabilities contemplated to be assumed by SeraCare under this Agreement or any document in connection herewith and to relieve Life Sciences of any liability or obligation with respect thereto and evidence the same to third parties.

(c) Neither SeraCare nor Life Sciences shall be obligated, in connection with the foregoing, to expend money other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees. Each party, at

the request of the other party hereto, shall execute and deliver such other instruments and do and perform such other acts and things as may be necessary or desirable for effecting completely the consummation of the transactions contemplated hereby.

SECTION 7.3 Agreement for Exchange of Information. Each of SeraCare and Life Sciences agrees to provide, or cause to be provided, to each other, at any time before or after the Distribution Date, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such party that the requesting party reasonably requests (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation or other similar requirements, (iii) to comply with its obligations under this Agreement or any Ancillary Agreement or (iv) in connection with the ongoing businesses of SeraCare or Life Sciences, as the case may be; provided, however, that in the event that any party determines that any such provision of Information could be commercially detrimental, violate any law or agreement, or waive any attorney-client privilege, the parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence. Each of SeraCare and Life Sciences shall be responsible for any and all of their own costs incurred in connection with the forgoing.

(a) Internal Accounting Controls; Financial Information. After the Separation Date, (i) each party shall maintain in effect at its own cost and expense adequate systems and controls for its business to the extent necessary to enable the other party to satisfy its reporting, accounting, audit and other obligations, and (ii) each party shall provide, or cause to be provided, to the other party and its Subsidiaries in such form as such requesting party shall request, at no charge to the requesting party, all financial and other data and information as the requesting party reasonably determines necessary or advisable in order to prepare its financial statements, any registration statement of the requesting party, or its parent or their affiliates, and reports or filings with any Governmental Authority.

(b) Ownership of Information. Any Information owned by a party that is provided to a requesting party pursuant to this Section 7.3 shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

(c) Record Retention. To facilitate the possible exchange of Information pursuant to this Section 7.3 and other provisions of this Agreement after the Distribution Date, each party agrees to use its reasonable commercial efforts to retain all tax, employee and financial Information in its respective

possession or control on the Distribution Date. No party will destroy, or permit any of its Subsidiaries to destroy, any Information that exists on the Separation Date (other than Information that is permitted to be destroyed under the current record retention policy of such party) without first using its reasonable commercial efforts to notify the other party of the proposed destruction and giving the other party the opportunity to take possession of such Information prior to such destruction.

(d) Limitation of Liability. No party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Section 7.3 is found to be inaccurate, in the absence of willful misconduct by the party providing such Information. No party shall have any liability to any other party if any Information is destroyed or lost after reasonable commercial efforts by such party to comply with the provisions of Section 7.3(c).

(e) Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Section 7.3 are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in this Agreement and any Ancillary Agreement.

(f) Production of Witnesses; Records; Cooperation. After the Distribution Date, except in the case of a legal or other proceeding by one party against the other party (which shall be governed by such discovery rules as may be applicable), each party hereto shall use its reasonable commercial efforts to make available to each other party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of such party as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any legal, administrative or other proceeding in which the requesting party may from time to time be

involved, regardless of whether such legal, administrative or other proceeding is a matter with respect to which indemnification may be sought hereunder. The requesting party shall bear all costs and expenses in connection therewith.

SECTION 7.4 Consistency with Past Practices. At all times prior to the Separation Date, SeraCare will cause Life Sciences to conduct the Life Sciences Business in the ordinary course, consistent with past practices, including, without limitation, the financial accounting for intercompany inventory transfers and receivables, except as otherwise expressly provided in this Agreement or the Ancillary Agreements. The parties acknowledge that the amount of such intercompany inventory transfers varies from month to month. The

parties agree that (i) the prices for Products that will be paid by Life Sciences from the date hereof through the Separation Date substantially conform to the prices that would be charged and paid by the parties on the basis that such prices have been determined through an arms' length negotiation and (ii) except as provided herein, all management, general and administrative costs and expenses (including without limitation the costs of insurance and legal fees and expenses) incurred by the parties will be charged and allocated on a basis consistent with past practices. The parties acknowledge and agree that (i) the cash flow transferred from Life Sciences to SeraCare from January 1, 2001 until the date hereof will be retained by SeraCare and (ii) Life Sciences shall be entitled to retain any cash flow generated by Life Sciences from the date hereof through the Separation Date.

SECTION 7.5 Payment of Expenses. Except as otherwise provided in this Agreement, the Ancillary Agreements or any other agreement between the parties relating to the Separation or the Distribution, all costs and expenses incurred by the parties hereto in connection with the Separation and Distribution (excluding internal costs and expenses of Life Sciences) shall be paid by SeraCare.

SECTION 7.6 Dispute Resolution. Resolution of any and all disputes, claims and causes of action of any nature whatsoever (collectively, "Disputes"), arising from or relating to this Agreement, shall be exclusively governed by the provisions of this Section 7.6.

(a) Negotiation. The parties shall make a good faith attempt to resolve any Dispute arising out of or relating to this Agreement (other than a Dispute relating to a breach of any obligation of confidentiality, or infringement, misappropriation, or misuse of any intellectual property right, which may be submitted to arbitration immediately pursuant to the terms of Section 7.6(b)) through informal negotiation between appropriate representatives from each of SeraCare and Life Sciences. If at any time either party feels that such negotiations are not leading to a resolution of the Dispute, such party may send a notice to the other party describing the Dispute and requesting a meeting of the senior executives from each party. Within ten (10) Business Days after such notice is given, each party shall select appropriate senior executives of each party who shall have the authority to resolve the matter and shall meet to attempt in good faith to negotiate a resolution of the Dispute. During the course of negotiations under this Section 7.6(a), all reasonable requests made by one party to the other for information, including requests for copies of relevant documents, will be honored. The specific format for such negotiations will be left to the discretion of the designated negotiating senior executives but may include the preparation of agreed upon statements of fact or written statements of position furnished to the other party. In the event that any Dispute arising out of or related to this Agreement is not settled by the parties within thirty (30) days after the first meeting of the

negotiating senior executives, either party may submit the Dispute to

arbitration pursuant to Section 7.6(b).

(b) Arbitration. All Disputes not resolved by good faith negotiations among the parties pursuant to Section 7.6(a) within the prescribed time period shall be submitted to, and determined by, arbitration. Such arbitration shall proceed in accordance with the then-current rules for arbitration established by the American Arbitration Association ("AAA"), unless the parties hereto mutually agree otherwise, and pursuant to the following procedures:

(i) The parties shall attempt in good faith to select from the AAA panel one (1) arbitrator mutually acceptable to both parties sitting in the state of New York. If the parties fail to agree upon an arbitrator within fifteen (15) calendar days, an arbitrator shall be selected by AAA in pursuant to the procedures set forth in AAA Rules. The parties agree that for disputes involving $1 million or more exclusive of claimed interest, arbitration fees and costs, the procedures for "large complex commercial disputes" of the AAA shall apply. In the event of a conflict, the provisions of this Agreement will control.

(ii) Reasonable discovery shall be allowed in arbitration.

(iii) All proceedings before the arbitrator shall be held in New York, New York. The governing law shall be that of California.

(iv) The award rendered by the arbitrator shall be final and binding, and judgment may be entered in accordance with applicable law and in any court having jurisdiction thereof.

(v) The award rendered by the arbitrator shall include (A) a provision that the prevailing party in such arbitration recover its costs relating to the arbitration and reasonable attorneys' fees from the other party, (B) the amount of such costs and fees, and (C) an order that the losing party pay the fees and expenses of the arbitrator.

(vi) The arbitrator shall by the agreement of the parties expressly be prohibited from awarding punitive damages in connection with any claim being resolved by arbitration hereunder.

(vii) All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrator may disclose to any third party the existence, content or results of the arbitration, except as necessary to enforce the award in court or to comply with legal or regulatory requirements.

(c) Continuity of Service and Performance. Unless otherwise agreed in writing, the parties will continue to provide service and honor all other commitments under this Agreement and each Ancillary Agreement during the course of dispute resolution pursuant to the provisions of this Section 7.6 with respect to all matters not subject to such dispute, controversy or claim.

Section 7.7 Governmental Approvals. To the extent that the Separation requires any Governmental Approvals, the parties will use their reasonable commercial efforts to obtain any such Governmental Approvals.

Section 7.8 Cooperation in Obtaining New Agreements. SeraCare understands that, prior to the Separation Date, Life Sciences has derived benefits under certain agreements between SeraCare and third parties, which agreements are not being assigned to Life Sciences in connection with the Separation. Upon the request of Life Sciences, SeraCare agrees to make introductions to appropriate Life Sciences personnel to SeraCare's contacts at such third parties, and agrees to provide reasonable assistance to Life Sciences so that Life Sciences may obtain agreements from such third parties under substantially equivalent terms and conditions, including financial terms and conditions, that apply to SeraCare. Such assistance may include, but is not limited to, (i) requesting and encouraging such third parties to enter into such agreements with Life Sciences, (ii) attending meetings and negotiating sessions with Life Sciences and such third parties, and (iii) participating in buying consortiums with Life Sciences. SeraCare also understands that there are certain agreements between SeraCare and third parties, which agreements are being assigned to Life Sciences in connection with the Separation but which may require the consent of the applicable third party. Upon the request of Life Sciences, SeraCare agrees to use commercially reasonable efforts to assist Life Sciences in seeking and obtaining the consent of such third parties to such assignment. The parties expect that the activities contemplated by this Section 7.8 will be substantially completed by the Distribution Date, but in no event will SeraCare have any obligations hereunder after the first anniversary of the Distribution Date. The parties agree that any and all costs incurred in connection with the forgoing shall be allocated on an equitable basis to and paid by the party expected to benefit from such costs and expenses.

Section 7.9 Confidentiality.

(a) Confidentiality And Non-Use Obligations. During the Confidentiality Period, the Receiving Party shall (i) protect the Confidential Information of the Disclosing Party by using the same degree of care, but no less than a reasonable degree of care, to prevent the unauthorized use, dissemination, or publication of the Confidential Information as the Receiving Party uses to protect its own Confidential Information of a like nature, (ii) not use such Confidential Information in violation of any use restriction in any Transaction Agreement, and (iii) not disclose such Confidential Information to any Third Party, except as expressly permitted under this Agreement, in the Transaction Agreements or in any other agreements entered into between the parties in writing, without prior written consent of the Disclosing Party.

(b) Compelled Disclosure. If the Receiving Party or any of its respective Subsidiaries believes that it will be compelled by a court or other authority to disclose Confidential Information of the Disclosing Party, it shall (i) give the Disclosing Party prompt and timely written notice so that the

Disclosing Party may take steps to oppose such disclosure, but in any event the Receiving Party shall not be prohibited from complying with such requirement and (ii) cooperate with the Disclosing Party in its attempts to oppose such disclosure, provided that such opposition is reasonable in light of applicable law or regulation. If the Receiving Party complies with the above, it shall not be prohibited from complying with such requirements to disclose, but shall cooperate with the Disclosing Party to take all reasonable

steps to make such disclosure subject to a suitable protective order or otherwise prevent unrestricted or public disclosure.

(c) No Restriction on Disclosing Party. Nothing in this Agreement shall restrict the Disclosing Party from using, disclosing, or disseminating its own Confidential Information in any way provided that, in so doing, it does not use, disclose or disseminate any Confidential Information of the Receiving Party.

(d) Third Party Restrictions. Nothing in the Agreement supersedes any restriction imposed by Third Parties on their Confidential Information, and there is no obligation on the Disclosing Party to conform Third Party agreements to the terms of this Agreement.

(e) Warranty Disclaimer. EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL CONFIDENTIAL INFORMATION IS PROVIDED ON AN "AS IS, WHERE IS" BASIS AND THAT NEITHER PARTY NOR ANY OF ITS SUBSIDIARIES HAS MADE OR WILL MAKE ANY WARRANTY WHATSOEVER WITH RESPECT TO CONFIDENTIAL INFORMATION, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ENFORCEABILITY OR NON-INFRINGEMENT.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 8.1 LIMITATION OF LIABILITY. IN NO EVENT SHALL EITHER PARTY OR ITS SUBSIDIARIES BE LIABLE TO THE OTHER PARTY OR ITS SUBSIDIARIES FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Section 8.2 Entire Agreement. This Agreement, the Ancillary Agreements and the Exhibits and Schedules referenced or attached hereto and thereto, constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof.

Section 8.3 Governing Law. This Agreement shall be construed in accordance with and all Disputes hereunder shall be governed by the laws of the State of California, excluding its conflict of law rules.

Section 8.4 Termination. This Agreement and all Ancillary Agreements may be terminated and the Distribution abandoned at any time prior to the Distribution Date by and in the sole discretion of SeraCare without the approval of Life Sciences. This Agreement and all Ancillary Agreements shall automatically terminate upon the termination of the Merger Agreement in accordance with its terms. In the event of termination pursuant to this Section 8.4, no party shall have any liability of any kind to the other party.

Section 8.5 Notices. Any notice, demand, offer, request or other communication required or permitted to be given by either party pursuant to the terms of this Agreement shall be in writing and shall be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one (1) Business Day after being delivered by facsimile (with receipt of appropriate confirmation), (iv) one (1) Business Day after being deposited with an overnight courier service or (v) four (4) days after being deposited in the U.S. mail, First Class with postage prepaid, and addressed to the attention of the party's Chief Executive Officer at the address of its principal executive office or such other address as a party may request by notifying the other party thereof in writing.

Section 8.6 Counterparts. This Agreement, including the Schedules and Exhibits hereto and the other documents referred to herein, may be executed via facsimile or otherwise in counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

Section 8.7 Binding Effect; Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives and successors, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Except as herein specifically provided to the contrary, neither party may assign this Agreement or any rights or obligations hereunder, without the prior written consent of the other party, and any such assignment shall be void; provided, however, that either party (or its permitted successive assignees or transferees hereunder) may assign or transfer this Agreement as a whole without consent to an entity that succeeds to all or substantially all of the business or assets of such party to which this Agreement relates.

Section 8.8 Severability. The parties hereto have negotiated and prepared the terms of this Agreement in good faith with the intent that each and

every one of the terms, covenants and conditions herein be binding upon and inure to the benefit of the respective parties. Accordingly, if any one or more of the terms, provisions, promises, covenants or conditions of this Agreement or the application thereof to any person or circumstance shall be adjudged to any extent invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, such provision shall be as narrowly construed as possible, and each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement or their application to other persons or circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law. To the extent this Agreement is in violation of applicable law, then the parties agree to negotiate in good faith to amend this Agreement, to the extent possible consistent with its purposes, to conform to law.

Section 8.9 Waiver of Breach. The waiver by either party hereto of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or another provision hereof.

Section 8.10 Amendment and Execution. This Agreement and amendments hereto shall be in writing and executed in multiple copies via facsimile or otherwise on behalf of SeraCare and Life Sciences by their respective duly authorized officers and representatives. Each multiple copy shall be deemed an original, but all multiple copies together shall constitute

one and the same instrument. The parties hereto agree that this Agreement shall not be amended or modified without the express written consent of Instituto Grifols, S.A., which consent shall not be unreasonably withheld or delayed.

Section 8.11 Authority. Each of the parties hereto represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 8.12 Descriptive Headings. The headings contained in this Agreement, in any Exhibit or Schedule hereto and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any capitalized term used in any Schedule or Exhibit but not otherwise defined therein, shall have the meaning assigned to such term in this Agreement. When a reference is made in this Agreement to an Article or a Section, Exhibit or Schedule, such reference shall be to an Article or Section of, or an Exhibit or Schedule to, this

Agreement unless otherwise indicated.

Section 8.13 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

Section 8.14 Additional Assurances. Except as may be specifically provided herein to the contrary, the provisions of this Agreement shall be self-operative and shall not require further agreement by the parties; provided, however, at the request of either party, the other party shall execute such additional instruments and take such additional acts as are reasonable, and as the requesting party may reasonably deem necessary, to effectuate this Agreement.

Section 8.15 Force Majeure. Neither party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service deemed to result, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, explosions, earthquakes, floods, failure of transportation, strikes or other work interruptions by either party's employees, or any other similar cause beyond the reasonable control of either party unless such delay or failure in performance is expressly addressed elsewhere in this Agreement.

Section 8.16 Conflicting Agreements. In the event of conflict between this Agreement and any Ancillary Agreement or other agreement executed in connection herewith, the provisions of such other agreement shall prevail.

Section 8.17 Survival. Except as set forth in the following sentence, the covenants and other agreements set forth in this Agreement shall survive the Distribution for a period of one year and shall terminate on the anniversary of the Distribution. The covenants set forth in

Article IV, Section 7.6 and Article VIII shall survive the Distribution and continue in effect for a period of five years.

Section 8.18 Third Party Beneficiary. The parties agree that Instituto Grifols, SA shall be an express third party beneficiary to this Agreement.

ARTICLE IX
DEFINITIONS

Section 9.1 Action. "Action" means any demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any

federal, state, local, foreign or international governmental authority or any arbitration or mediation tribunal.

Section 9.2 Adjusted Exercise Price. "Adjusted Exercise Price" has the meaning set forth in Section 3.4(c) of the Merger Agreement.

Section 9.3 Ancillary Agreements. "Ancillary Agreements" has the meaning set forth in Section 2.1 hereof.

Section 9.4 Assignment Agreement. "Assignment Agreement" has the meaning set forth in Section 2.1(a) hereof.

Section 9.5 Business Day. "Business Day" means a day other than a Saturday, a Sunday or a day on which banking institutions located in the State of California are authorized or obligated by law or executive order to close.

Section 9.6 Calculated Exercise Price. "Calculated Exercise Price" has the meaning set forth in Section 3.4(b) of the Merger Agreement.

Section 9.7 Commission. "Commission" has the meaning set forth in Section 3.1(a) hereof.

Section 9.8 Confidential Information. "Confidential Information" means any and all financial, technical, commercial or other information of SeraCare or Life Sciences, as appropriate (whether written or oral), including, without limitation, all information, notes, customer product specifications, client or customer information, lists and records, reports, analyses, financial statements, compilations, studies, forms, business or management methods, marketing data, fee schedules, information technology systems and programs, projections, forecasts or trade secrets of SeraCare or Life Sciences, as applicable, whether or not such Confidential Information is disclosed or otherwise made available to one party by the other party pursuant to this Agreement. Confidential Information shall also include the terms and provisions of this Agreement and any transactions consummated or documents executed by the parties pursuant to this Agreement. Confidential Information does not include any information that (i) is or becomes generally available to and known by the public (other than as a result of an unpermitted disclosure directly or indirectly by the Receiving Party or its affiliates, advisors or representatives); (ii) is or becomes available to the Receiving Party on a nonconfidential basis from a source other than the Disclosing Party or its affiliates, advisors or representatives, provided that such source is not and was not bound by a confidentiality agreement with or other

obligation of secrecy to the Disclosing Party; or (iii) has already been

developed, or is hereafter independently acquired or developed, by the Receiving Party without violating any confidentiality agreement with or other obligation of secrecy to the Disclosing Party.

Section 9.9 Confidentiality Period. "Confidentiality Period" means five (5) years after either (i) the Separation Date with respect to Confidential Information of the Disclosing Party that is known to or in the possession of the Receiving Party as of the Separation Date or (ii) the date of disclosure with respect to Confidential Information that is disclosed by the Disclosing Party to the Receiving Party after the Separation Date.

Section 9.10 Disclosing Party. "Disclosing Party" means the party owning or disclosing the relevant Confidential Information.

Section 9.11 Disputes. "Disputes" has the meaning set forth in Section 7.6 hereof.

Section 9.12 Distribution. "Distribution" has the meaning set forth in the Recitals hereof.

Section 9.13 Distribution Agent. "Distribution Agent" has the meaning set forth in Section 3.2(a) hereof.

Section 9.14 Distribution Date. "Distribution Date" has the meaning set forth in Section 3.2(a) hereof.

Section 9.15 Exchange Act. "Exchange Act" has the meaning set forth in Section 3.1(a) hereof.

Section 9.16 Excluded Assets "Excluded Assets" has the meaning set forth in Section 1.2(b) of the Assignment Agreement.

Section 9.17 Form 10 Registration Statement. "Form 10 Registration Statement" shall mean the Form 10 Registration Statement described in Section 3.1(a) hereof including any amendments or supplements thereto.

Section 9.18 Governmental Approvals. "Governmental Approvals" means any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

Section 9.19 Governmental Authority. "Governmental Authority" shall mean any federal, state, local, foreign or international court, government,

department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

Section 9.20 Group. "Group" means either of the SeraCare Group or the Life Sciences Group.

Section 9.21 Indemnified Party "Indemnified Party" has the meaning set forth in Section 5.7 hereof.

Section 9.22 Indemnifying Party. "Indemnifying Party" has the meaning set forth in Section 5.7 hereof.

Section 9.23 Information. "Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

Section 9.24 Information Statement "Information Statement" has the meaning set forth in Section 3.1(b) hereof.

Section 9.25 Insurance Policies. "Insurance Policies" means insurance policies pursuant to which a Person makes a true risk transfer to an insurer.

Section 9.26 Insured Life Sciences Liability. "Insured Life Sciences Liability" means any Life Sciences Liability to the extent that it is covered under the terms of SeraCare's Insurance Policies.

Section 9.27 Liabilities. "Liabilities" means all debts, liabilities, guarantees, assurances, commitments, obligations and claims (including reasonable attorneys' fees), whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any contract, regulatory requirement, court order or injunction, or tort based on negligence or strict liability) and whether or not the same would be required by generally accepted accounting principles to be reflected in financial statements or disclosed in

the notes thereto. For this purpose, "Contract" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of its property under applicable law.

Section 9.28 Life Sciences. "Life Sciences" has the meaning set forth in the introductory paragraph hereof.

Section 9.29 Life Sciences Business. "Life Sciences Business" means the business and operations of SeraCare currently operated as the Life Sciences Plasma Division, including, without limitation, the business and organization for the manufacturing, marketing and selling of therapeutic based blood plasma products, diagnostic test kits, specialty plasma used for diagnostic purposes and bulk materials, and shall not include the business of collecting blood plasma.

Section 9.30 Life Sciences Group "Life Sciences Group" means Life Sciences and each Subsidiary of Life Sciences (if any) immediately after the Separation Date, and each Person that becomes a Subsidiary of Life Sciences after the Separation Date.

Section 9.31 Merger. "Merger" has the meaning set forth in the Recitals hereof.

Section 9.32 Merger Agreement. "Merger Agreement" has the meaning set forth in the Recitals hereof.

Section 9.33 Noncompetition Territory. "Noncompetition Territory" has the meaning set forth in Section 4.1 hereof.

Section 9.34 Option Plan. "Option Plan" has the meaning set forth in Section 3.1(c) hereof.

Section 9.35 Party or Parties "Party" or "Parties" has the meaning set forth in the introductory paragraph hereof.

Section 9.36 Person. "Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

Section 9.37 Products "Products" has the meaning set forth in Section

1.1 of the Supply Agreement.

Section 9.38 Receiving Party. "Receiving Party" means the non-owning party or recipient of the relevant Confidential Information

Section 9.39 Record Date. "Record Date" means the close of business on the date to be determined by the Board of Directors of SeraCare as the record date for determining the stockholders of SeraCare entitled to receive shares of common stock of Life Sciences in the Distribution.

Section 9.40 Separation. "Separation" has the meaning set forth in the Recitals hereof.

Section 9.41 Separation Date. "Separation Date" has the meaning set forth in Section 1.1 hereof.

Section 9.42 SeraCare "SeraCare" has the meaning set forth in the introductory paragraph hereof.

Section 9.43 SeraCare Business. "SeraCare Business" means any business of SeraCare other than the Life Sciences Business.

Section 9.44 SeraCare Group. "SeraCare Group" means SeraCare and each Subsidiary of SeraCare (other than Life Sciences) immediately after the Separation Date, and each Person that becomes a Subsidiary of SeraCare after the Separation Date.

Section 9.45 SeraCare Options. "SeraCare Options" has the meaning set forth in Section 3.2(c) hereof.

Section 9.46 SeraCare Protected Business. "SeraCare Protected Business" has the meaning set forth in Section 4.1 hereof.

Section 9.47 SeraCare Warrants. "SeraCare Warrants" has the meaning set forth in Section 3.2(c) hereof.

Section 9.48 Subsidiary. "Subsidiary" means with respect to any specified Person, any corporation, any limited liability company, any partnership or other legal entity of which such Person or its Subsidiaries owns, directly or indirectly, more than 50% of the stock or other equity interest

entitled to vote on the election of the members of the board of directors or similar governing body.

Section 9.49 Supply Agreement "Supply Agreement" shall mean the Supply and Services Agreement attached hereto as Exhibit G.

Section 9.50 Third Party. "Third Party" means a Person other than SeraCare, its Subsidiaries and their respective employees and Life Sciences, its Subsidiaries and their respective employees

Section 9.51 Transaction Agreements. "Transaction Agreements" means the Separation Agreement and the Ancillary Agreements.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized on the day and year first above written.

SERACARE, INC.	SERACARE LIFE SCIENCES, INC.
By: /s/ Barry D. Plost	By: /s/ Jerry L. Burdick
Name: Barry D. Plost	Name: Jerry L. Burdick
Title: Chief Executive Officer	Title: Executive Vice President

[SIGNATURE PAGE TO MASTER SEPARATION AND DISTRIBUTION AGREEMENT]

Schedules and Exhibits

Schedules:

Schedule 3.1(d) Board of Directors

Schedule 3.1(e) Other Actions

Exhibits:

Exhibit A. Certificate of the Secretary (SeraCare)

Exhibit B. Certificate of the Secretary (Life Sciences)

Exhibit C. Assignment and Assumption Agreement

Exhibit D. Trademark License Agreement

Exhibit E. Employee Matters Agreement

Exhibit F. Tax Matters Agreement

Exhibit G. Supply and Services Agreement

Schedule 3.1(d)

Board of Directors

Barry Plost

Jerry Burdick

Samuel Anderson

M. Ezzat Jallad

Dr. Nelson Teng

Robert J. Cresci

Dr. Bernard Kasten

Schedule 3.1(e)

Other Actions

1. Reclassification Actions

A. Reclassification of the Books of SeraCare

1. On the books of SeraCare, Goodwill in Life Sciences will be reclassified to the Investment In Life Sciences account.

2. All intercompany accounts between Life Sciences and SeraCare, including any subsidiaries of SeraCare, will be reclassified to

the Investment In Life Sciences account.

3. Earnings since acquisition of Life Sciences by SeraCare will be Equity adjusted on the books of SeraCare.

4. The amount of Investment In Life Sciences will be dividended and charged to paid in surplus on the books of SeraCare in connection with the spin off.

B. Reclassification of the Books of Life Sciences

1. All intercompany accounts with SeraCare and/or any subsidiary of SeraCare will be reclassified to Paid In Surplus.

2. Quest's right to appoint a director to the Board of Directors of SeraCare shall be terminated.

3. Life Sciences shall have amended and restated its Articles of Incorporation and its Bylaws in a form mutually satisfactory to Life Sciences and SeraCare.

4. Life Sciences shall have increased its authorized capital stock to an amount sufficient to effect the Distribution.

5. Life Sciences shall have obtained consents from the following individuals or entities:

A. Arthur Kazarian as trustee for the General Wood Investment Trust in connection with the Standard Industrial/Commercial Multi-Tennant Lease-Gross between Del Oro Gateway Partners, L.P. and The Western States Group Inc. dated as of April 16, 1998, and addendums attached thereto dated on or about October 12, 1998 and January 7, 1999, and assignment agreement dated ___, 2001 among Del Oro Gateway Partners, L.P. and Arthur Kazarian as trustee for the General Wood Investment Trust (Del Oro Gateway Commerce Centre, 1935 Avenida del Oro, Suite F, Oceanside, California).

6. Life Sciences shall have taken appropriate action to have its Common Stock traded on the OTC Bulletin Board.

EXHIBIT 10.9

Exhibit C

GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT

BETWEEN

SERACARE, INC.

AND

SERACARE LIFE SCIENCES, INC.

June 10, 2001

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GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT

This General Assignment and Assumption Agreement (this "Agreement") is entered into on June 10, 2001 between SeraCare, Inc., a Delaware corporation ("SeraCare"), and SeraCare Life Sciences, Inc., a California corporation ("Life Sciences"). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in Article IV hereof. SeraCare and Life Sciences are sometimes referred to herein collectively as the "parties" or individually as a "party."

RECITALS

WHEREAS, SeraCare hereby and by certain other instruments of even date herewith transfers or will transfer to Life Sciences effective as of the Separation Date, substantially all of the business and assets of the Life Sciences Business owned by SeraCare in accordance with the Separation Agreement. It is the intent of the parties hereto, by this Agreement and the other agreements and instruments provided for in the Separation Agreement, that SeraCare and its Subsidiaries convey to Life Sciences substantially all of the business and assets of the Life Sciences Business not presently owned by Life Sciences; and

WHEREAS, it is further intended between the parties that Life Sciences assume all of the liabilities related to the Life Sciences Business, as provided in this Agreement, the Separation Agreement or the other agreements and instruments provided for in the Separation Agreement.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth below, the parties hereto agree as follows:

ARTICLE I
CONTRIBUTION, TRANSFER AND ASSUMPTION

Section 1.1 Contribution of Assets and Assumption of Liabilities.

(a) Transfer of Assets. Effective on the Separation Date, SeraCare hereby assigns, transfers, conveys and delivers to Life Sciences, and Life Sciences hereby accepts from SeraCare, all of SeraCare's right, title and interest in all the Life Sciences Assets.

(b) Assumption of Liabilities. Effective on the Separation Date, Life Sciences hereby assumes and agrees faithfully to perform and fulfill all the Life Sciences Liabilities, in accordance with their respective terms, and undertakes to pay, satisfy and discharge when due all the Life Sciences Liabilities in accordance with their terms.

(c) Misallocated Assets. In the event that at any time or from time to time (whether prior to or after the Separation Date), any party hereto (or any member of the SeraCare Group) shall receive or otherwise possess any Asset that is allocated to any other Person pursuant to this Agreement or any other Ancillary Agreement, such party shall promptly transfer, or cause to be transferred, such Asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for any such other Person entitled to such Asset.

Section 1.2 Life Sciences Assets.

(a) Included Assets. For purposes of this Agreement, "Life Sciences Assets" shall mean (without duplication) the following Assets, except as otherwise provided for herein or in any Ancillary Agreement or other express agreement of the parties:

(i) all Assets listed in the Life Sciences Balance Sheet and set forth on Schedule 1.2(a), subject to any dispositions of such Assets subsequent to the date of the Life Sciences Balance Sheet;

(ii) all Assets acquired by SeraCare or its Subsidiaries after the date of the Life Sciences Balance Sheet used primarily in the Life Sciences Business and that would be reflected in a balance sheet of Life Sciences as of the Separation Date if (A) such balance sheet was prepared using the same principles and accounting policies under which the Life Sciences Balance Sheet was prepared, and (B) SeraCare and Life Sciences had conducted their respective businesses in the ordinary course since the date of the Life Sciences Balance Sheet;

(iii) all Life Sciences Contingent Claims;

(iv) all Life Sciences Contracts;

(v) all Assets, whether arising before, on or after the Separation Date, primarily relating to, arising out of or resulting from any Life Sciences Liabilities (including, without limitation, the indemnification rights relating to the Life Sciences business in favor of SeraCare in the Stock Purchase Agreement dated February 13, 1998 among SeraCare, Inc., The Western States Group, Inc., Michael Crowley, and individual, Mary Crowley, an individual, Michael F. Crowley, Mary A. Crowley as trustees under the Crowley Charitable Remainder Unitrust dated December 31, 1997 and Michael F. Crowley II);

(vi) to the extent permitted by law and subject to the Separation Agreement and the Ancillary Agreements, all rights of Life Sciences under any of SeraCare's Insurance Policies or other insurance policies issued by Persons unaffiliated with SeraCare;

(vii) all legal and equitable remedies associated with the Transferred Litigation;

(viii) all Assets that are expressly contemplated by this Agreement, the Separation Agreement or any other Ancillary Agreement (or any other Schedule hereto or thereto) as Assets to be transferred to Life Sciences;

(ix) the rights in and to the name "SeraCare" set forth in the Trademark License Agreement;

(x) the rights in and to the domain name "SeraCare.net" as set forth in Section 1.8; and

(xi) the rights to three advertisements in Canon Communications LLC magazine, IVD Technology in connection with the June 5, 2001 settlement agreement referenced in Item 1 to Schedule 2.1(a).

Notwithstanding the foregoing, the Life Sciences Assets shall not in any event include the Excluded Assets referred to in Section 1.2(b) below.

(b) Excluded Assets. For the purposes of this Agreement, "Excluded Assets" shall mean any Assets (i) used by the parties in the business of the collection of blood plasma, (ii) certain advances to Western States employees in the amount of $58,900, and (iii) any other Assets that are expressly contemplated by the Separation Agreement, this Agreement or any other Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by SeraCare or any other member of the SeraCare Group (collectively, the "SeraCare Assets"). For the avoidance of doubt, the parties intend and agree that any Assets, other than the Life Sciences Assets, owned or used by the SeraCare Group and Life Sciences on the date hereof, shall be deemed to be Excluded Assets and shall be retained by SeraCare hereunder.

Section 1.3 Life Sciences Liabilities.

(a) Included Liabilities. For the purposes of this Agreement, "Life Sciences Liabilities" shall mean (without duplication) the following Liabilities, except as otherwise provided for in any Ancillary Agreement or other express agreement of the parties:

(i) all Liabilities reflected in the Life Sciences Balance Sheet, to the extent such Liabilities have not been satisfied or discharged subsequent to the date of the Life Sciences Balance Sheet;

(ii) all Liabilities of SeraCare or its Subsidiaries that arise after the date of the Life Sciences Balance Sheet relating primarily to the Life Sciences Business that would be reflected in a balance sheet of Life Sciences dated as of the Separation Date if (A) such balance sheet was prepared using the same principles and accounting policies under which the Life Sciences Balance Sheet was prepared and (B) SeraCare and Life Sciences had conducted their respective businesses in the ordinary course since the date of the Life Sciences Balance Sheet;

(iii) all Life Sciences Contingent Liabilities;

(iv) except as otherwise expressly contemplated by this Agreement, the Separation Agreement or any other Ancillary Agreement, all Liabilities,

whether arising before, on or after the Separation Date, primarily relating to, arising out of or resulting from:

(1) the operation of the Life Sciences Business, as conducted at any time prior to, on or after the Separation Date, or

(2) any Life Sciences Assets;

(v) all Liabilities that are expressly contemplated by this Agreement, the Separation Agreement or any other Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by Life Sciences, including liabilities set forth on Schedule 1.3(a);

(vi) all obligations and Liabilities of Life Sciences under the Separation Agreement, this Agreement or any of the other Ancillary Agreements; and

(vii) all Liabilities arising out of the Form 10 Registration Statement filed by Life Sciences with the Securities and Exchange Commission and the Information Statement mailed prior to the Distribution Date to the holders of Common Stock of SeraCare.

Notwithstanding the foregoing, the Life Sciences Liabilities shall not include the Excluded Liabilities referred to in Section 1.3(b) below.

(b) Excluded Liabilities. For the purposes of this Agreement, "Excluded Liabilities" shall mean:

(i) the Liabilities listed on Schedule 1.3(b) hereto;

(ii) all Insured Life Sciences Liabilities, provided, however if SeraCare's insurance carrier fails to make a payment when due with respect to a claim relating to a Life Sciences Liability, then upon written notice from SeraCare, Life Sciences shall make an interim payment to SeraCare, provided further, that if such interim payment is made, SeraCare shall immediately assign to Life Sciences its right to recover such claim from its insurance carrier (to the extent of the interim payment received by SeraCare pursuant to this Section 1.3(b)(ii)), and if payment for such claim is nonetheless made directly to SeraCare, SeraCare shall immediately turn over the proceeds from such claim to Life Sciences (to the extent of the interim payment received by SeraCare pursuant to this Section 1.3(b)(ii));

(iii) all Liabilities that are expressly contemplated by this Agreement, the Separation Agreement or any other Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by SeraCare or any other member of the SeraCare Group, and all agreements and obligations of any member of the SeraCare Group under the Separation Agreement, this Agreement or any other Ancillary Agreement.

Section 1.4 Methods of Transfer And Assumption.

(a) Terms of Other Ancillary Agreements Govern. The parties shall enter into the other Ancillary Agreements, on or about the date of this Agreement. Except as set forth herein, it is the intent of the parties that pursuant to Section 1.1, Section 1.2, and Section 1.3, the transfer and assumption of all other Life Sciences Assets and Life Sciences Liabilities shall be made effective as of the Separation Date.

(b) Mistaken Assignments and Assumptions. In addition to those transfers and assumptions accurately identified and designated by the parties to take place but which the parties are not able to effect prior to the Separation Date, there may exist (i) Assets that the parties discover were, contrary to the agreements between the parties, by mistake or omission, transferred to Life Sciences or retained by SeraCare or Life Sciences (ii) Liabilities that the parties discover were, contrary to the agreements between the parties, by mistake or omission, assumed by Life Sciences or not assumed by Life Sciences. The parties shall cooperate in good faith to effect the transfer or re-transfer of such Assets, and/or the assumption or re-assumption of such Liabilities, to or by the appropriate party and shall not use the determination that

remedial actions need to be taken to alter the original intent of the parties hereto with respect to the Assets to be transferred to or Liabilities to be assumed by Life Sciences or SeraCare. Each party shall reimburse the other or make other financial adjustments (e.g., without limitation, cash reserves) or other adjustments to remedy any improper transfer or failure to transfer any Asset or any improper assumption or failure to assume any Liability.

(c) Transfer of Assets and Liabilities Not Included in Life Sciences Assets and Life Sciences Liabilities. Except as otherwise expressly provided in this Agreement, the Separation Agreement or any other Ancillary Agreement, in the event the parties discover Assets and Liabilities that relate primarily to the Life Sciences Business but do not constitute Life Sciences Assets under Section 1.2 or Life Sciences Liabilities under Section 1.3, the parties shall cooperate in good faith to effect the transfer of such Assets at book value, or the assumption of such Liabilities, to or by Life Sciences or its Subsidiaries and shall not use the determination of remedial actions contemplated in the Separation Agreement to alter the original intent of the parties hereto with respect to the Assets to be transferred to or Liabilities to be assumed by Life Sciences. Except as otherwise expressly provided in this Agreement, the Separation Agreement or any other Ancillary Agreement, in the event the parties discover Assets or Liabilities that relate primarily to the SeraCare Business but do not constitute Assets of the SeraCare Business by operation of Section 1.2 or Liabilities of the SeraCare Business by operation of Section 1.3, the parties shall cooperate in good faith to effect the transfer of such Assets at book value, or the assumption of such Liabilities, to or by the SeraCare Group or its Subsidiaries and shall not use the determination of remedial actions contemplated in the Separation Agreement to alter the original intent of the parties hereto with respect to the Assets or Liabilities to be retained by the SeraCare Group. Each party shall reimburse the other or make other financial adjustments (e.g., without limitation, cash reserves) or other adjustments to remedy any improper transfer or failure to transfer any Asset or any improper assumption or failure to assume any Liability.

(d) Documents Relating to Other Transfers of Assets and Assumption of Liabilities.

(i) In furtherance of the assignment, transfer, conveyance and delivery of Life Sciences Assets and the assumption of Life Sciences Liabilities set forth in Section 1.4 (a), (b) or (c), effective as of the Separation Date, (i) the members of the SeraCare Group shall execute and deliver such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of SeraCare's and its Subsidiaries' right, title and interest in and to the Life Sciences Assets to Life Sciences and (ii) Life Sciences shall execute and deliver to SeraCare and its Subsidiaries such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Life Sciences Liabilities by Life Sciences.

(ii) In furtherance of the assignment, transfer, conveyance and delivery of Assets to the SeraCare Group and the assumption of Liabilities by the SeraCare Group by the operation of Section 1.4(a), (b) or (c), effective as of the Separation Date, (i) Life Sciences shall execute and deliver such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all the right, title and interest of Life Sciences and its Subsidiaries in and to the Assets of the SeraCare Group and (ii) the SeraCare

Group shall execute and deliver to Life Sciences and its Subsidiaries such assumptions of contract and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Liabilities of the SeraCare Group by the SeraCare Group.

Section 1.5 Governmental Approvals and Consents for Transfer of Life

Sciences Assets.

(a) Transfer in Violation of Laws. If and to the extent that the valid, complete and perfected transfer, assignment or novation to Life Sciences of any Life Sciences Asset would be a violation of applicable laws or require any Consent or Governmental Approval in connection with the Separation or the Distribution, then, unless SeraCare shall otherwise determine, the transfer, assignment or novation to Life Sciences, as the case may be, of any of such Life Sciences Assets automatically shall be deemed deferred and any such purported transfer, assignment or novation shall be null and void until such time as all legal impediments are removed and/or such Consents or Governmental Approvals have been obtained; provided, however, that if any such Consent or Governmental Approval has not been obtained within six months of the Distribution Date, the parties will use their reasonable commercial efforts to achieve an alternative solution in accordance with the parties' intentions. If any such Consent shall not be obtained, SeraCare shall cooperate with Life Sciences in any reasonable arrangement designed to provide for Life Sciences the benefits intended to be assigned to Life Sciences under the relevant contract, license or other instrument, including enforcement at the cost and for the account of Life Sciences of any and all rights of SeraCare against the other party thereto arising out of the breach or cancellation thereof by such other party or otherwise.

(b) Transfers Not Consummated Prior to Separation Date. If the transfer, assignment or novation of any Assets intended to be transferred or assigned hereunder is not consummated prior to or on the Separation Date, whether as a result of the provisions of Section 1.5(a) or for any other reason, then the Person retaining such Asset shall thereafter hold such Asset for the use and benefit, insofar as reasonably possible, of the Person entitled thereto (at the expense of the Person entitled thereto). In addition, the Person retaining such Asset shall take such other actions as may be reasonably requested by the Person to whom such Asset is to be transferred in order to place such Person, insofar as reasonably possible, in the same position as if such Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Assets, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Assets, are to inure from and after the Separation Date to the Person entitled to such Assets. If and when the Consents and/or Governmental Approvals, the absence of which caused the deferral of transfer of any Asset pursuant to Section 1.5(a), are obtained, the transfer of the applicable Asset shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(c) Expenses. The Person retaining an Asset due to the deferral of the transfer of such Asset shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced by the Person entitled to the Asset, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person entitled to such Asset.

Section 1.6 Nonrecurring Costs and Expenses. Notwithstanding anything herein to the contrary, any nonrecurring costs and expenses incurred by the parties hereto to effect the transactions contemplated hereby which are not allocated pursuant to the terms of the Separation Agreement, this Agreement or any other Ancillary Agreement shall be the responsibility of the party to whom such costs and expenses are attributable.

Section 1.7 Novation of Assumed Life Sciences Liabilities.

(a) Reasonable Commercial Efforts. Each of SeraCare and Life Sciences, at the request of the other, shall use its reasonable commercial efforts to obtain, or to cause to be obtained, any Consent, Government Approval, substitution or amendment required to effect a novation of or assign all rights and obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Life Sciences Liabilities or to obtain in writing the unconditional release of all parties to such arrangements other than Life Sciences, so that, in any such case, Life Sciences and its Subsidiaries will be solely responsible for such Liabilities; provided,

however, that neither SeraCare, Life Sciences nor their Subsidiaries shall be obligated to pay any consideration therefor to any third party from whom such Consents, Government Approvals, substitutions and amendments are requested. Notwithstanding anything to the contrary in the Separation Agreement or any of the Ancillary Agreements, the former officers and employees of SeraCare and the present officers, directors and employees of Life Sciences do not release SeraCare from any indemnification obligations it may have to them arising from Delaware or California law, SeraCare's Bylaws or Certificate of Incorporation or which arise by contract by operation of law or otherwise and Life Sciences shall have no obligation to use any effort to obtain or cause to be obtained any novation or assignment of such agreements, obligations or liabilities of SeraCare.

(b) Inability to Obtain Novation. If SeraCare or Life Sciences is unable to obtain, or to cause to be obtained, any such required Consent, Government Approval, release, substitution or amendment, the applicable member of the SeraCare Group shall continue to be bound by such agreements, leases, licenses and other obligations and, unless not permitted by law or the terms thereof (except to the extent expressly set forth in this Agreement, the Separation Agreement or any other Ancillary Agreement), Life Sciences shall, as agent or subcontractor for SeraCare or such other Person, as the case may be, pay, perform and discharge fully, or cause to be paid, transferred or discharged all the obligations or other Liabilities of SeraCare or such other Person, as the case may be, thereunder from and after the date hereof. SeraCare shall, without further consideration, pay and remit, or cause to be paid or remitted, to Life Sciences or its appropriate Subsidiary promptly all money, rights and other consideration received by it or any member of the SeraCare Group in respect of such performance (unless any such consideration is an Excluded Asset). If and when any such Consent, Government Approval, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, SeraCare shall thereafter assign, or cause to be assigned, all its rights, obligations and other Liabilities thereunder or any rights or obligations of any member of the SeraCare Group to Life Sciences without payment of further consideration and Life Sciences shall, without the payment of any further consideration, assume such rights and obligations.

Section 1.8 Transfer of Domain Name

(a) Effective as of the Separation Date, SeraCare shall, sell, transfer, convey and assign to Life Sciences, free and clear of any and all liens, security interests, claims and encumbrances, the Internet domain name "SeraCare.net" (the "Domain Name"). Accordingly, at the Separation Date, SeraCare shall transfer to Life Sciences all of the domain name registrations for the Domain Name which are registered at any Internet domain name registration authorities, including, without limitation, the Network Solutions and/or Register.com registration of the Domain Name.

(b) From time to time after the Separation Date, SeraCare shall execute and deliver to Life Sciences such instruments of transfer and other instruments, including, without limitation, the Network Solutions Registrant Name Change Agreement Transfer Agreement attached hereto as Exhibit B (the "Transfer Agreement"), as may be reasonably requested by Life Sciences in order to vest in Life Sciences good and marketable title in and to the Domain Name and otherwise in order to carry out the purpose and intent of this Section 1.8. SeraCare and covenants not to bring any claim against Life Sciences for any infringement of SeraCare's intellectual property rights for any use by Life Sciences of the Domain Name.

ARTICLE II
LITIGATION

Section 2.1 Allocation.

(a) Litigation to Be Transferred to Life Sciences. On the Separation Date, the responsibilities for management of the litigation identified in Schedule 2.1 shall be transferred in their entirety from SeraCare and its Subsidiaries to

Life Sciences (the "Transferred Litigation"). Effective as of the Separation Date, SeraCare hereby assigns to Life Sciences all right, title and interest in and to the Transferred Litigation, including without limitation all claims and causes of action asserted by or to be asserted by SeraCare and/or Life Sciences in the Transferred Litigation and all remedies, whether in law or equity, associated therewith, including the exclusive right to retain any settlement, judgment or any other amounts paid or other benefits received in respect of such Transferred Litigation. Effective as of the Separation Date, SeraCare agrees that Life Sciences shall have the exclusive right to prosecute the Transferred Litigation in the name of SeraCare, and SeraCare agrees to sign documents reasonably requested by Life Sciences during the course of the litigation, including documents relating to settlement and release of claims. As of the Separation Date and thereafter, Life Sciences shall manage this litigation at its sole discretion and shall be solely responsible for all costs and fees incurred in connection therewith and shall be entitled to retain any and all sums recovered in connection therewith whether by settlement, judgment or otherwise, and Life Sciences shall have sole and absolute discretion with respect to settlement, disposition, compromise or other resolution. Except as provided herein, Life Sciences agrees that it shall make appropriate arrangements so that any legal fees or other expenses related to the Transferred Litigation shall be the sole obligation of Life Sciences. SeraCare and its Subsidiaries must first obtain the prior consent of Life Sciences for any action taken subsequent to the Separation Date in connection with the Transferred Litigation, which consent may not be unreasonably withheld or delayed.

(b) Other Litigation. Except as specifically provided on Schedule 2.1(b), (i) Life Sciences agrees that as of the date hereof it shall be solely responsible for the management and all Liabilities, costs and expenses (including without limitation all attorneys' fees and expenses) in respect of any litigation that primarily relates to or results from the Life Sciences Business and the SeraCare Group shall have no liability or responsibility in respect of such litigation, and (ii) SeraCare agrees that as of the date hereof it shall be solely responsible for the management and all liabilities, costs and expenses (including without limitation all attorneys' fees and expenses) in respect of any litigation that primarily relates to or results from the SeraCare Business and the Life Sciences Group shall have no liability or responsibility in respect of such litigation, whether or not the facts or events giving rise to such litigation occur on or before the date hereof.

Section 2.2 Cooperation. SeraCare and Life Sciences and their respective Subsidiaries shall cooperate with each other in the prosecution and defense of any litigation covered under this Article II and afford to each other reasonable access upon reasonable advance notice to witnesses and information (other than information protected from disclosure by applicable privileges) that is reasonably required to prosecute or defend such litigation as set forth in Article VII of the Separation Agreement. The foregoing agreement to cooperate includes, but is not limited to, an obligation to provide access to qualified assistance to provide information, witnesses and documents to respond to discovery requests in specific lawsuits. In such cases, cooperation shall be timely so that the party responding to discovery may meet all court-imposed deadlines. The party requesting information shall reimburse the party providing information consistent with the terms of Article VII of the Separation Agreement. The obligations set forth in this paragraph are more clearly defined in Article VII of the Separation Agreement, to which reference is hereby made.

ARTICLE III
MISCELLANEOUS PROVISIONS

Section 3.1 LIMITATION OF LIABILITY. IN NO EVENT SHALL EITHER PARTY OR ITS SUBSIDIARIES BE LIABLE TO THE OTHER PARTY OR ITS SUBSIDIARIES FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Section 3.2 Entire Agreement. This Agreement, the Separation Agreement, the other Ancillary Agreements and the Exhibits and Schedules referenced or attached hereto and thereto, constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior written and oral and all contemporaneous oral agreements and understandings with respect

to the subject matter hereof.

Section 3.3 Dispute Resolution. Any and all controversies, disputes or claims arising out of, relating to, in connection with or resulting from this Agreement (or any amendment thereto or any transaction contemplated hereby or thereby), including as to its existence, interpretation, performance, non-performance, validity, breach or termination, including any claim based on contract, tort, statute or constitution and any claim raising questions of law,

whether arising before or after termination of this Agreement, shall be deemed a Dispute as defined in Section 7.6 of the Separation Agreement and shall be resolved exclusively by, in accordance with, and subject to the limitations set forth in Section 7.6 of the Separation Agreement.

Section 3.4 Governing Law. This Agreement shall be construed in accordance with and all Disputes hereunder shall be governed by the laws of the State of California, excluding its conflict of law rules.

Section 3.5 Notices. Any notice, demand, offer, request or other communication required or permitted to be given by either party pursuant to the terms of this Agreement shall be in writing and shall be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one (1) business day after being delivered by facsimile (with receipt of appropriate confirmation), (iv) one (1) business day after being deposited with an overnight courier service, or (v) four (4) days after being deposited in the U.S. mail, First Class with postage prepaid, and addressed to the attention of the party's Chief Executive Officer at the address of its principal executive office or such other address as a party may request by notifying the other party thereof in writing.

Section 3.6 Counterparts. This Agreement, including the Schedules hereto and the other documents referred to herein, may be executed in counterparts via facsimile or otherwise, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

Section 3.7 Binding Effect; Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives and successors, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Except as herein specifically provided to the contrary, neither party may assign this Agreement or any rights or obligations hereunder, without the prior written consent of the other party, and any such assignment shall be void; provided, however, either party (or its permitted successive assignees or transferees hereunder) may assign or transfer this Agreement as a whole without consent to an entity that succeeds to all or substantially all of the business or assets of such party to which this Agreement relates.

Section 3.8 Severability. The parties hereto have negotiated and prepared the terms of this Agreement in good faith with the intent that each and every one of the terms, covenants and conditions herein be binding upon and inure to the benefit of the respective parties. Accordingly, if any one or more of the terms, provisions, promises, covenants or conditions of this Agreement or the application thereof to any person or circumstance shall be adjudged to any extent invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, such provision shall be as narrowly construed as possible, and each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement or their application to other persons or circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law. To the extent this Agreement is in violation of applicable law, then the parties agree to negotiate in good faith to amend the Agreement, to the extent possible consistent with its purposes, to conform to law.

Section 3.9 Waiver of Breach. The waiver by either party hereto of a

breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or another provision hereof.

Section 3.10 Amendment and Execution. This Agreement and amendments hereto shall be in writing and executed in multiple copies via facsimile or otherwise on behalf of SeraCare and Life Sciences by their respective duly authorized officers and representatives. Each multiple copy shall be deemed an original, but all multiple copies together shall constitute one and the same instrument. The parties hereto agree that this Agreement shall not be amended or modified without the express written consent of Instituto Grifols, S.A., which consent shall not be unreasonably withheld or delayed.

Section 3.11 Authority. Each of the parties hereto represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 3.12 Descriptive Headings. The headings contained in this Agreement, in any Exhibit or Schedule hereto and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any capitalized term used in any Schedule or Exhibit but not otherwise defined therein, shall have the meaning assigned to such term in this Agreement. When a reference is made in this Agreement to an Article or a Section, Exhibit or Schedule, such reference shall be to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated.

Section 3.13 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

Section 3.14 Additional Assurances. Except as may be specifically provided herein to the contrary, the provisions of this Agreement shall be self-operative and shall not require further agreement by the parties; provided, however, at the request of either party, the other party shall execute such additional instruments and take such additional acts as are reasonable, and as the requesting party may reasonably deem necessary, to effectuate this Agreement.

Section 3.15 Force Majeure. Neither party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service deemed to result, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, explosions, earthquakes, floods, failure of transportation, strikes or other work interruptions by either party's employees, or any other similar cause beyond the reasonable control of either party unless such delay or failure in performance is expressly addressed elsewhere in this Agreement.

Section 3.16 Conflicting Agreements. In the event of conflict between this Agreement and any other Ancillary Agreement or other agreement executed in connection herewith, the provisions of such other agreement shall prevail.

Section 3.17 Termination. This Agreement may be terminated and the Separation abandoned at any time prior to the Separation Date by and in the sole discretion of SeraCare without the approval of Life Sciences. In the event of termination pursuant to this Section 3.17, no party shall have any liability of any kind to the other party.

Section 3.18 Survival. The covenants and other agreements contained herein

shall survive the Distribution and continue in effect for a period of one year following the date of the Distribution and shall terminate on the anniversary of the Distribution.

Section 3.19 Third Party Beneficiary. The parties agree that Instituto Grifols, S.A. shall be an express third party beneficiary to this Agreement.

Section 3.20 Additional Representations and Warranties. Life Sciences represents and warrants to SeraCare that (i) all Assets listed in the Life Sciences Balance Sheet are primarily used in or related to the Life Sciences Business and (ii) no Assets listed in the Life Sciences Balance Sheet are used in the collection of blood plasma.

ARTICLE IV
DEFINITIONS

Section 4.1 Ancillary Agreement. "Ancillary Agreement" has the meaning set forth in Section 2.1 of the Separation Agreement.

Section 4.2 Assets. "Assets" means assets, properties and rights (including goodwill), wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following:

(i) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;

(ii) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, aircraft, rolling stock, vessels, motor vehicles and other transportation equipment, special and general tools, test devices, prototypes and models and other tangible personal property;

(iii) all inventories of materials, parts, raw materials, supplies, work-in-process and finished goods and products;

(iv) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest, lessor, sublessor, lessee, sublessee or otherwise;

(v) all interests in any capital stock or other equity interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person; and all other investments in securities of any Person;

(vi) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other contracts, agreements or commitments;

(vii) all deposits, letters of credit and performance and surety bonds;

(viii) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties;

(ix) all Intellectual Property and licenses from third Persons granting the right to use any Intellectual Property;

(x) all computer applications, programs and other software, including operating software, network software, firmware, middleware, design software, design tools, systems documentation and instructions;

(xi) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product literature, artwork, design, development and manufacturing files, vendor and customer drawings, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(xii) all prepaid expenses, trade accounts and other accounts and notes receivables;

(xiii) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(xiv) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;

(xv) all licenses (including radio and similar licenses), permits, approvals and authorizations which have been issued by any Governmental Authority;

(xvi) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(xvii) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

Section 4.3 Consent. "Consent" means any consent, waiver or approval from, or notification requirement to, any third party or parties.

Section 4.4 Contract. "Contract" means any contract, agreement, lease, license, sales order, purchase order, instrument or other commitment that is binding on any Person or any part of its property under applicable law.

Section 4.5 Disputes. "Disputes" has the meaning set forth in Section 9.8 of the Separation Agreement.

Section 4.6 Distribution. "Distribution" has the meaning set forth in the Recitals of the Separation Agreement.

Section 4.7 Distribution Date. "Distribution Date" has the meaning set forth in Section 3.2(a) of the Separation Agreement.

Section 4.8 Excluded Assets. "Excluded Assets" has the meaning set forth in Section 1.2(b) of this Agreement.

Section 4.9 Excluded Liabilities. "Excluded Liabilities" has the meaning set forth in Section 1.3(b) of this Agreement .

Section 4.10 Governmental Approvals. "Governmental Approvals" means any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

Section 4.11 Governmental Authority. "Governmental Authority" means any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority.

Section 4.12 Insurance Policies. "Insurance Policies" means insurance policies pursuant to which a Person makes a true risk transfer to an insurer.

Section 4.13 Insured Life Sciences Liability. "Insured Life Sciences

Liability" means any Life Sciences Liability to the extent that it is covered under the terms of SeraCare's Insurance Policies.

Section 4.14 Intellectual Property. "Intellectual Property" means all domestic and foreign patents and patent applications, together with any continuations, continuations-in-part or divisional applications thereof, and all patents issuing thereon (including reissues, renewals and re-examinations of the foregoing); design patents, invention disclosures; mask works; copyrights, and copyright applications and registrations; Web addresses, trademarks, service marks, trade names, and trade dress, in each case together with any applications and registrations therefor and all appurtenant goodwill relating thereto; trade secrets, commercial and technical information, know-how, proprietary or confidential information, including engineering, production and other designs, notebooks, processes, drawings, specifications, formulae, and technology; computer and electronic data processing programs and software (object and source code), data bases and documentation thereof; inventions (whether patented or not); utility models; registered designs,

certificates of invention and all other intellectual property under the laws of any country throughout the world.

Section 4.15 Liabilities. "Liabilities" has the meaning set forth in Section 9.24 of the Separation Agreement.

Section 4.16 Life Sciences Assets. "Life Sciences Assets" has the meaning set forth in Section 1.2(a) of this Agreement.

Section 4.17 Life Sciences Balance Sheet. "Life Sciences Balance Sheet" means the unaudited pro forma balance sheet (including the notes thereto) relating to Life Sciences as of February 28, 2001, attached hereto as Exhibit A.

Section 4.18 Life Sciences Business. "Life Sciences Business" has the meaning set forth in Section 9.26 of the Separation Agreement.

Section 4.19 Life Sciences Contingent Claim. "Life Sciences Contingent Claim" means any claim or other right of a member of the SeraCare Group or Life Sciences Group that primarily relates to the Life Sciences Business, whenever arising, against any Person other than a member of the SeraCare Group or Life Sciences Group and the existence or scope of the obligation of such other Person was not acknowledged, fixed or determined in any material respect, due to a dispute or other uncertainty or as a result of the failure of such claim or other right to have been discovered or asserted. A claim or right meeting the foregoing definition shall be considered a Life Sciences Contingent Claim regardless of whether there was any Action pending, threatened or contemplated as of the Separation Date with respect thereto.

Section 4.20 Life Sciences Contingent Liability. "Life Sciences Contingent Liability" means any Liability of a member of the SeraCare Group or Life Sciences Group that primarily relates to, results from or arises out of the Life Sciences Business, whenever arising, to any Person other than a member of the SeraCare Group or Life Sciences Group, and the existence or scope of the obligation of a member of the SeraCare Group or Life Sciences Group with respect to such Liability was not acknowledged, fixed or determined in any material respect, due to a dispute or other uncertainty or as a result of the failure of such Liability to have been discovered or asserted. The parties agree that the existence of a litigation or other reserve with respect to any Liability shall not be sufficient for such Liability to be considered acknowledged, fixed or determined.

Section 4.21 Life Sciences Contracts. "Life Sciences Contracts" means the following contracts and agreements to which SeraCare is a party or by which it or any of its Assets is bound, whether or not in writing, except for any such contract or agreement that is contemplated to be retained by SeraCare or any member of the SeraCare Group pursuant to any provision of this Agreement or any

other Ancillary Agreement:

(i) the material contracts listed on Schedule 4.30;

(ii) any contract or agreement entered into in the name of, or expressly on behalf of, any division or business unit of Life Sciences;

(iii) any contract or agreement that relates primarily to the Life Sciences Business;

(iv) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement (including, without limitation, the contracts set forth on Schedule 4.30 hereto), the Separation Agreement or any of the other Ancillary Agreements to be assigned to Life Sciences; and

(v) any guarantee, indemnity, representation, warranty or other Liability of Life Sciences or the SeraCare Group in respect of any other Life Sciences Contract, any Life Sciences Liability or the Life Sciences Business (including guarantees of financing incurred by customers or other third parties in connection with purchases of products or services from the Life Sciences Business).

Section 4.22 Life Sciences Group. "Life Sciences Group" has the meaning set forth in Section 9.27 of the Separation Agreement.

Section 4.23 Life Sciences Liabilities. "Life Sciences Liabilities" has the meaning set forth in Section 1.3(a) of this Agreement.

Section 4.24 Merger. "Merger" has the meaning set forth in Section 9.31 of the Separation Agreement.

Section 4.25 Person. "Person" has the meaning set forth in Section 9.36 of the Separation Agreement.

Section 4.26 Security Interest. "Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

Section 4.27 Separation. "Separation" has the meaning set forth in the Recitals of the Separation Agreement.

Section 4.28 Separation Agreement. "Separation Agreement" means the Master Separation and Distribution Agreement dated as of the date hereof between the parties, to which this Agreement is attached as Exhibit C.

Section 4.29 Separation Date. "Separation Date" has the meaning set forth in Section 1.1 of the Separation Agreement.

Section 4.30 SeraCare Business. "SeraCare Business" has the meaning set forth in Section 9.42 of the Separation Agreement.

Section 4.31 SeraCare Group. "SeraCare Group" has the meaning set forth in Section 9.43 of the Separation Agreement.

Section 4.32 Subsidiary. "Subsidiary" means with respect to any specified Person, any corporation, any limited liability company, any partnership or other legal entity of which such Person or its Subsidiaries owns, directly or indirectly, more than 50% of the stock or other equity interest entitled to vote on the election of the members of the board of directors or similar governing

body.

Section 4.33 Trademark License Agreement. "Trademark License Agreement" means the Trademark License Agreement attached as Exhibit D to the Separation Agreement.

Section 4.34 Transferred Litigation. "Transferred Litigation" has the meaning set forth in Section 2.1(a) of this Agreement.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized on the day and year first above written.

SERACARE, INC.		SERACARE LIFE SCIENCES , INC.	
By:	/s/ Barry D. Plost	By:	/s/ Jerry L. Burdick
Name:	Barry D. Plost	Name:	Jerry L. Burdick
Title:	Chief Executive Officer	Title:	Executive Vice President

[SIGNATURE PAGE TO GENERAL ASSIGNMENT AND ASSUMPTION AGREEMENT]

Schedule 1.2(a)

Assets Listed in the Life Sciences Balance Sheet

See Attached.

This schedule 1.2(a) has been omitted and shall be furnished supplementally to the Commission upon request.

Schedule 1.3(a)

Included Liabilities

1. Any damages, fees and expenses (including, without limitation, actual attorneys' fees, arbitrators' fees, costs of experts and court costs) payable by SeraCare which have not been paid or incurred as of the date hereof in excess of $750,000 arising out of or in connection with the following:

   On or about November 11, 2000, Sharon A. Dodson, acting in her capacity as trustee of the Crowley Charitable Remainder Unitrust (the "Trust"), filed a demand for arbitration in the Orange County, California office of the Judicial Arbitration and Mediation Services. Along with the demand for arbitration, Dodson filed a complaint against SeraCare, Inc. (the "Complaint") for breach of contract, accounting, and declaratory relief. The Complaint alleges that SeraCare breached: (1) a stock purchase agreement by which SeraCare purchased The Western States Group, Inc. from the Trust and various individuals associated with the Trust; and (2) a settlement agreement between SeraCare and the Trust that was entered into to resolve a prior dispute regarding SeraCare's obligations under the stock purchase agreement

2. Subject to item 1 above, any and all indemnification obligations of SeraCare pursuant to, arising out of or resulting from the Stock Purchase Agreement dated as of February 13, 1998, by and among SeraCare, Inc., The Western States Group, Inc., Michael F. Crowley, Mary A. Crowley, Michael F. Crowley and Mary A. Crowley as trustees under the Crowley Charitable Remainder Unitrust dated December 31, 1997, and Michael F. Crowley, II.

3. All Liabilities arising out of or resulting from the Collaboration

Agreement dated January 1, 2001 between SeraCare and Quest Diagnostics Incorporated, a Delaware corporation, existing or arising prior to, or after the Separation Date, other than any liabilities relating to payments due from Instituto Grifols, S.A. to Quest Diagnostics Incorporated in connection with the Warrant issued to Quest on November 20, 2000 to purchase 1,748,605 shares of common stock of SeraCare (as may be modified in accordance with Section 3.5 of the Company Disclosure Letter to the Merger Agreement).

4. All Liabilities relating to counterclaims arising primarily from the operation of the Life Sciences Business and resulting from and arising out of the litigation identified in Item 1 to Schedule 2.1(a).

5. All Liabilities arising from the Cease and Desist letter dated March 9, 2001, from Intergen Company to SeraCare relating to the Company's alleged contact of certain of Intergen's ex-employees for the purpose of acquiring confidential information about Intergen.

Schedule 1.3(b)

Excluded Liabilities

1. Any damages, fees and expenses (including, without limitation, attorneys' fees, arbitrators' fees, costs of experts and court costs) payable by SeraCare which have not been paid or incurred as of the date hereof up to $750,000 arising out of or in connection with the following:

   On or about November 11, 2000, Sharon A. Dodson, acting in her capacity as trustee of the Crowley Charitable Remainder Unitrust (the "Trust"), filed a demand for arbitration in the Orange County, California office of the Judicial Arbitration and Mediation Services. Along with the demand for arbitration, Dodson filed a complaint against SeraCare, Inc. (the "Complaint") for breach of contract, accounting, and declaratory relief. The Complaint alleges that SeraCare breached: (1) a stock purchase agreement by which SeraCare purchased The Western States Group, Inc. from the Trust and various individuals associated with the Trust; and (2) a settlement agreement between SeraCare and the Trust that was entered into to resolve a prior dispute regarding SeraCare's obligations under the stock purchase agreement.

2. Attorneys' fees, financial advisors' and investment banking fees, accountant's fees and other expenses incurred by SeraCare or Life Sciences in connection with the Merger and the Separation and Distribution.

3. Liabilities relating to the business of the collection of blood plasma.

4. Liabilities relating to payments due from Instituto Grifols, S.A. to Quest Diagnostics Incorporated in connection with the Warrant issued to Quest on November 20, 2000 to purchase 1,748,605 shares of common stock of SeraCare (as may be modified in accordance with Section 3.5 of the Company Disclosure Letter to the Merger Agreement.)

Schedule 2.1(a)

Transferred Litigation

1. On March 29, 2001, SeraCare instituted an action in Superior Court for the County of San Diego, Vista Branch, entitled Western States Group, Inc., dba Western States Plasma Company, SeraCare, Inc. v. The Trilogy Connection, Inc., David Betit, R. Craig Harlow, Intergen Company L.P., Canon Communications LLC ("Cannon") and Does 1-100, inclusive, Case No. GIN 011713 (the "Action"). The Action alleges that authors David Betit and R. Craig Harlow fraudulently obtained plasma samples from SeraCare and conducted rigged "scientific" tests on those samples to favor the authors' marketing client, Intergen Company. The lawsuit alleges defamation, unfair business practices and fraud, and seeks injunctive relief and an unspecified amount of damages. On June 5, 2001, SeraCare settled its claims against Canon by entering into a written settlement agreement. Under the terms of the settlement, SeraCare has agreed to dismiss the Action with prejudice as to Canon in exchange for receiving three free advertisements in Canon's magazine, IVD Technology.

Schedule 2.1(b)

1. The management and all liabilities, costs and expenses (including without limitation all attorneys' fees and expenses) with respect to the Transferred Litigation identified in Item 1 to Schedule 2.1(a) hereto shall be the sole responsibility of Life Sciences and the SeraCare Group shall have no liability or responsibility with respect thereto.

2. Any damages, fees and expenses (including, without limitation, attorneys' fees, arbitrators' fees, costs of experts and court costs) payable by SeraCare which have not been paid or incurred as of the date hereof up to $750,000 arising out of or in connection with the matter identified in Item 1 to Schedule 1.3(b) hereto shall be the sole responsibility of SeraCare and Life Sciences shall have no liability or responsibility with respect thereto.

3. Any damages, fees and expenses (including, without limitation, attorneys' fees, arbitrators' fees, costs of experts and court costs) payable by SeraCare which have not been paid or incurred as of the date hereof in excess of $750,000 arising out of or in connection with matter identified in Item 1 to Schedule 1.3(b) hereto shall be the sole responsibility of Life Sciences and the SeraCare Group shall have no liability or responsibility with respect thereto.

4. The management and all liabilities, costs and expenses (including without limitation all attorneys' fees and expenses) with respect to the Cease and Desist letter dated March 9, 2001, from Intergen Company to SeraCare identified in Item 5 to Schedule 1.3(a) hereto shall be the sole responsibility of Life Sciences and the SeraCare Group shall have no liability or responsibility with respect thereto.

5. The indemnification rights relating to the Life Sciences Business in favor of SeraCare in the Stock Purchase Agreement dated February 13, 1998 among SeraCare, Inc., The Western States Group, Inc., Michael Crowley, and individual, Mary Crowley, an individual, Michael F. Crowley, Mary A. Crowley as trustees under the Crowley Charitable Remainder Unitrust dated December 31, 1997 and Michael F. Crowley II shall belong solely to Life Sciences.

Schedule 4.30

Material Contracts

1. Agreement between AMPC, Inc., and SeraCare, Inc. dated October 21, 1999.

2. Standard Industrial/Commercial Multi-Tennant Lease - Gross between Del Oro Gateway Partners, L.P. and The Western States Group Inc. dated as of April 16, 1998, and addendums attached thereto dated on or about October 12, 1998 and January 7, 1999, and assignment agreement dated ___, 2001 among Del Oro Gateway Partners, L.P. and Arthur Kazarian as trustee for the General Wood Investment Trust (Del Oro Gateway Commerce Centre, 1935 Avenida del Oro, suite F, Oceanside, California).

3. Collaboration Agreement dated January 1, 2001 between the Company and Quest Diagnostics Incorporated, a Delaware corporation.

4. Albumin Supply Agreement dated June 22, 1999 between Instituto Grifols, S.A., and SeraCare, Inc., as amended

5. Employment Agreement between SeraCare, Inc. and Michael F. Crowley II, dated November 1, 2000.

EXHIBIT A

LIFE SCIENCES BALANCE SHEET

(see attached)

This Exhibit A has been omitted and shall be furnished supplementally to the Commission upon request.

EXHIBIT B

NETWORK SOLUTIONS TRANSFER AGREEMENT

This Exhibit B has been omitted and shall be furnished supplementally to the commission upon request.

Exhibit 10.10

TRADEMARK LICENSE AGREEMENT

THIS TRADEMARK LICENSE AGREEMENT (the "Agreement") is made and entered into as of June 10, 2001 by and between SeraCare, Inc., a Delaware corporation ("SeraCare" or "Licensor") and SeraCare Life Sciences, Inc., a California corporation ("Life Sciences" or "Licensee").

RECITALS

WHEREAS, SeraCare owns the mark set forth in Exhibit A attached hereto and incorporated herein by reference (the "Mark") and has used the Mark as trademark, service mark and trade name in connection with the SeraCare Business; and

WHEREAS, in connection the Agreement and Plan of Merger between SeraCare and Instituto Grifols, S.A., a company organized under the laws of Spain ("Grifols"), pursuant to which SeraCare will merge with SI Merger Corp., a Delaware corporation and wholly-owned subsidiary of Grifols (the "Merger"), dated June 10, 2001, SeraCare desires to license to Life Sciences the Mark for use in connection with the Life Sciences Business.

NOW, THEREFORE, in consideration of the recitals above, and the mutual promises set forth below, the parties hereto agree as follows:

1. License. Licensor hereby grants to Licensee an exclusive license (the "License") to use the Mark in connection with the Life Sciences Business for the Term (as defined below) in any territory throughout the world in accordance with the terms and conditions set forth in this Agreement. Licensee and Licensor acknowledge that the License is exclusive and, as such, Licensor shall not sell or license to others the Mark in any manner whatsoever, except in accordance with Section 13. Nothing herein shall be intended to prevent Licensor from using the Mark in the SeraCare Business.

2. Term of License. The term of the License shall commence as of the date hereof and, shall continue perpetually unless Licensor notifies Licensee in writing that this Agreement is terminated, pursuant to Paragraph 9 below (the "Term").

3. Ownership and Use of Mark.

a. Licensee shall not use the Mark in a manner that materially

(i) contravenes any statute or regulation, (ii) impairs the validity or enforceability of the Mark; (iii) impairs the quality of products and services with which the Mark is used; or (iv) disparages the Mark or Licensor. Licensee agrees that all proprietary right and goodwill in any Mark shall

inure solely to the benefit of Licensor, that the uses of the Mark by Licensee shall not create any interest or right, express or implied, in the Mark in Licensee except as set forth in this Agreement, and that Licensee does not and will not assert any claim to any ownership thereof. If, by operation of law, or otherwise, Licensee is deemed to or appears to own any property rights in the Mark, Licensee shall, at Licensor's request, execute any and all documents necessary to confirm or otherwise establish Licensor's rights therein. Licensee agrees to cooperate with any reasonable request made by Licensor to help register, maintain and/or enforce Licensor's title and rights in and to the Mark.

b. During the term of this Agreement or at any time thereafter, Licensee shall not dispute or contest, or assist any other party in disputing or contesting, the validity or enforceability of Licensor's right, title and interest in and to the Mark. This includes an agreement that Licensee shall not oppose or assist another in opposing any application filed by Licensor for registration of the Mark, and shall not take any action to cancel or assist another in canceling any trademark registration obtained by Licensor for the Mark.

4. [INTENTIONALLY OMITTED.].

5. Quality Control. The quality of all products and services
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offered by Licensee using the Mark ("Goods and Services") shall meet or exceed industry standards in all material respects. Licensee shall cooperate with all reasonable requests by Licensor to ensure compliance with the terms of this Agreement. If Licensor reasonably determines that any material aspect of the Goods and Services, or Licensee's use of the Mark in connection with the advertising or sale of the Goods and Services, does not meet or exceed industry standards in all material respects, then Licensor shall notify Licensee in writing specifying such deficiencies. If Licensee does not correct all such deficiencies to Licensor's reasonable satisfaction within ninety days (90), then Licensor may terminate this Agreement pursuant to Paragraph 9(b) below.

6. Foreign Qualifications. The parties hereby agree that Life
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Sciences shall have the right to qualify to do business as a foreign corporation in every state in the United States under the name "SeraCare Life Sciences, Inc." If any state prohibits such qualification on the grounds that the Mark is in use by SeraCare, then SeraCare shall change its qualification in such state in order to permit Licensee to qualify in such state, provided that Licensee shall pay SeraCare's reasonable costs and expenses in connection therewith.

7. Infringement Actions. In the event that either party learns of

any actual or potential infringement, misuse or misappropriation of the Mark, such party shall promptly notify the other thereof in writing. In such event, Licensor shall have the right to institute legal action and, at its option, and/or as may be required by law, join Licensee as plaintiff. Licensor may select counsel of its choice, and shall control the action and shall bear the entire costs of such action, and shall be entitled to retain the entire amount of any recovery by way of judgment, award, decree or settlement. If Licensor determines not to institute legal action, Licensee may institute legal action; provided, however that Licensee agrees to indemnify and hold Licensor harmless from and against any and all liabilities, damages, judgments, penalties, losses, costs, expenses, claims, suits or demands relating to or arising out of such legal action. In such event,

Licensee may select counsel of its choice, and shall control the action and shall bear the entire cost of such action, and shall be entitled to retain the entire amount of any recovery by way of judgment, award, decree or settlement. Each party shall cooperate with the other party in any such actions against third parties, and may if such party desires, elect to be represented by counsel of its choice, but at its own expense.

8. Indemnification.

a. Licensee will protect, defend, indemnify and hold Licensor, its parents, subsidiaries, affiliates, and the officers, directors, employees, shareholders and agents of each of them, harmless from and against any and all liabilities, damages, judgments, penalties, losses, costs, expenses (including without limitation reasonable attorneys' fees), claims, suits, or demands relating to or arising from any breach by Licensee of any of its agreements hereunder or by reason of the use by Licensee of the Mark.

b. Licensor will protect, defend, indemnify and hold Licensee, its parents, subsidiaries, affiliates, and the officers, directors, employees, shareholders and agents of each of them, harmless from and against any and all liabilities, damages, judgments, penalties, losses, costs, expenses (including without limitation reasonable attorneys' fees), claims, suits, or demands relating to or arising from any breach by Licensor of any of its agreements in Sections 1, 6, 7, 12 and 13 hereunder.

9. Termination. Licensee may terminate this Agreement at any time upon thirty (30) days written notice to Licensor. Licensor may terminate this Agreement upon written notice effective immediately, if Licensee commits any material breach of this Agreement and fails to cure the breach within ninety (90) days after receipt of Licensor's written request to do so.

10. Effect of Termination. Termination of this Agreement for cause

shall be without prejudice to any other remedy otherwise available to the parties to this Agreement. Upon termination of this Agreement for any reason, Licensee agrees to discontinue all use of the Mark and to refrain from using any confusingly similar or conflicting trademarks, service marks, trade names and/or other indicia of origin.

11. Notices. All notices and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person by telegram, telecopy, telex or other standard form of telecommunications (with telephonic confirmed receipt of such telecommunication), or by registered or certified mail, postage prepaid, return receipt requested to the address of the headquarters of the receiving party.

12. Assignments. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Subject to Section 13, neither this Agreement nor any of the rights, interests or obligations of Licensee or Licensor hereunder shall be assigned, sublicensed, or transferred without the prior written consent of the other party, which consent may not be unreasonably withheld. However, in the event Licensor sells to a single purchaser all or substantially all of the assets of the Licensor, Licensor may sell the Mark to such purchaser in connection with such sale without the consent of Licensee, and without regard to Section 13, subject to assumption of the obligations of Licensor under this Agreement.

13. Right of First Refusal. In the event that Licensor ceases to use the Mark in connection with the SeraCare Business, Licensor may transfer or assign the Mark to a third party in the SeraCare Business only on the following terms and conditions:

(a) If the Licensor intends to transfer or assign the Mark, the Licensor shall deliver written notice of such intention to Licensee. Such notice (the "Offer Notice") shall state the proposed purchase price, the name of the proposed transferee and the terms and conditions of the transfer of the Mark.

(b) For a period of thirty (30) days after receipt of the Offer Notice (the "Offer Period"), Licensee may, by written notice to the Licensor (the "Acceptance Notice"), elect to purchase the Mark for an aggregate purchase price equal to the price specified in the Offer Notice.

(c) If the Licensee fails to deliver the Acceptance Notice to the Licensor prior to the expiration of the Offer Period, then, for a period of ninety (90) days from the expiration of the Offer Period, the Licensor may

transfer or assign the Mark only in accordance with the terms of the Offer Notice. If such transfer does not occur on or before the expiration of the ninety day period, then Licensor must deliver another Offer Notice pursuant to Section 13(a).

(d) At the closing of the purchase of the Mark pursuant to Section 13(b), which shall take place within thirty days of delivery of the Acceptance Notice, Licensee shall deliver to the Licensor, against delivery by Licensor of appropriate instruments of transfer of the Mark, the purchase price of the Mark specified in the Acceptance Notice.

14. Injunctive Relief. Licensee acknowledges that, in the event of any unauthorized use of the Mark by Licensee, money damages alone would be inadequate and, therefore, Licensor shall, in addition to such other collateral, legal and equitable rights and remedies as may be available to it, have the right to injunctive relief without being required to prove damages or furnish a bond or other security.

15. Independent Contracting Parties. The parties are and shall be independent contractors to one another and nothing in the Agreement shall create an agency, partnership or joint venture between the parties.

16. No Waiver. No failure by either party to take action on account of any default by the other, whether in a single instance or repeatedly, shall constitute a waiver of any such default or the performance required of such party. No express waiver of a default by any party shall be construed as a waiver of any other default or future performance required hereunder.

17. Headings. The headings contained in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

18. Invalidity. If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall nevertheless remain in full force and effect.

19. Entire Agreement. This Agreement (including the instruments between the parties referred to herein) constitutes the complete, final and exclusive statement of the entire agreement among the parties and supersedes all other prior agreements and understandings, both written and oral, with respect to the subject matter hereof. This Agreement may not be amended or supplemented in any manner except by a written agreement executed by an authorized representative of the party sought to be bound. All references to paragraphs,

sections, subsections, clauses and schedules shall be deemed to refer to such part of this Agreement, unless the context requires otherwise.

20. Governing Law. This Agreement and the legal relations between the parties hereto shall be governed by and construed in accordance with the internal laws of the State of California and without regard to conflict of laws principles.

21. Jurisdiction. The courts of the State of California, including the federal courts sitting in the State of California, shall have exclusive jurisdiction to hear and decide all controversies that may arise under or concerning this Agreement.

22. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one agreement.

23. Definitions.

a. "Life Sciences Business" means the business and organization for the manufacturing, marketing and selling of therapeutic based blood plasma products, diagnostic test kits, specialty plasma used for diagnostic purposes and bulk materials, and shall not include the business of collecting blood plasma.

b. "SeraCare Business" means the business of collecting blood plasma.

IN WITNESS WHEREOF, the authorized representatives of the parties hereto have duly executed this Agreement as of the first date above.

LICENSOR:	LICENSEE:
SeraCare, Inc.	SeraCare Life Sciences, Inc.
By: /s/ Barry Plost	By: /s/ Jerry L. Burdick
Name: Barry Plost	Name: Jerry L. Burdick
Its: Chief Executive Officer	Its: Executive Vice President

EXHIBIT A

EXHIBIT 10.11

EMPLOYEE MATTERS AGREEMENT

BETWEEN

SERACARE, INC.

AND

SERACARE LIFE SCIENCES, INC.

JUNE 10, 2001

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EMPLOYEE MATTERS AGREEMENT

This Employee Matters Agreement (the "Agreement") is entered into as of June 10, 2001, between SeraCare, Inc., a Delaware corporation ("SeraCare"), and SeraCare Life Sciences, Inc., a California corporation ("Life Sciences"). SeraCare and Life Sciences are sometimes referred to herein individually as a "party" or collectively as the "parties."

WHEREAS, the Board of Directors of SeraCare has determined that it is in the best interests of SeraCare and its shareholders to separate SeraCare's existing business into two independent businesses, the SeraCare Business and the Life Sciences Business; and

WHEREAS, in furtherance of the foregoing, SeraCare and Life Sciences have agreed to enter into this Agreement to allocate between them assets, liabilities and responsibilities with respect to certain employee compensation, benefit plans, programs and arrangements, and certain employment matters.

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements set forth below, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 401(k) Plan. "401(k) Plan," when immediately preceded by "SeraCare" means the tax-qualified profit sharing plan of SeraCare, which contains a Code Section 401(k) feature. When immediately preceded by Life Sciences, "401(k) Plan" shall mean the tax-qualified profit sharing plan, which contains a Code Section 401(k) feature, that Life Sciences shall establish, sponsor, and maintain.

Section 1.2 Affiliate. "Affiliate" means, with respect to any specified Person, any entity that Controls, is Controlled by, or is under common Control with such Person. For this purpose, "Control" means the possession,

directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through ownership of voting securities or other interests, by control, or otherwise.

Section 1.3 Ancillary Agreements. "Ancillary Agreements" has the meaning set forth in Section 2.1 of the Separation Agreement.

Section 1.4 COBRA. "COBRA" means the continuation coverage requirements for "group health plans" under Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time, and as codified in Code Section 4980B and ERISA Sections 601 through 608.

Section 1.5 Code. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

Section 1.6 Covered Employees. "Covered Employees" has the meaning set forth in Section 4.1(d) of this Agreement.

Section 1.7 Disputes. "Disputes" has the meaning set forth in Section 7.6 of the Separation Agreement.

Section 1.8 Distribution. "Distribution" has the meaning set forth in the Recitals of the Separation Agreement.

Section 1.9 Distribution Date. "Distribution Date" has the meaning set forth in Section 3.2(a) of the Separation Agreement.

Section 1.10 ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

Section 1.11 Health And Welfare Plans. "Health and Welfare Plans," when immediately preceded by "SeraCare," means the SeraCare Health Plans, the SeraCare Code Section 125/Flexible Spending Plan (the "SeraCare 125 Plan"), established and maintained by SeraCare for the benefit of eligible employees of SeraCare and its Subsidiaries, and such other Welfare Plans as may apply to such employees through the Distribution Date. When immediately preceded by "Life Sciences," Health and Welfare Plans means the Life Sciences Health Plans, the Life Sciences Code Section 125/Flexible Spending Plan (if applicable) (the "Life Sciences 125 Plan"), established and maintained by Life Sciences for the benefit of eligible employees of Life Sciences and its Subsidiaries, and such other Welfare Plans that Life Sciences may establish.

Section 1.12 Health Plans. "Health Plans," when immediately preceded by "SeraCare," means the medical and dental Plans and any similar or successor Plans established and maintained by SeraCare for the benefit of eligible employees of SeraCare and its Subsidiaries. When immediately preceded by "Life Sciences," "Health Plans" means the medical and dental Plans and any similar or successor Plans that shall be established and maintained by Life Sciences for the benefit of eligible employees of Life Sciences and its Subsidiaries.

Section 1.13 Liabilities. "Liabilities" has the meaning set forth in Section 9.27 of the Separation Agreement.

Section 1.14 Life Sciences Business. "Life Sciences Business" has the meaning set forth in Section 9.29 of the Separation Agreement.

Section 1.15 Life Sciences Employee. "Life Sciences Employee" means an

individual who is: (a) on and immediately after the Separation Date actively employed by, or on leave of absence from, Life Sciences; (b) an employee or among a group of employees designated prior to the Distribution Date as Life Sciences Employees by SeraCare and Life Sciences, by mutual agreement; (c) an employee of SeraCare or Life Sciences who, prior to the Distribution Date, is

on, or begins, a company approved leave of absence, provided such employment related to the Life Sciences Business, until the earliest of (i) the employee's termination of employment, (ii) the passage of six months as measured from the employee's last day of active work, or (iii) the employee is medically released to return to work; or (d) any employee hired by Life Sciences after the Separation Date. The term Life Sciences Employee, to the extent used herein relating to periods prior to the Separation Date, means an individual whose employment relates to the Life Sciences Business.

Section 1.16 Participating Company. "Participating Company" means: (a) SeraCare; (b) any Person (other than an individual) that SeraCare has approved for participation in, has accepted participation in, and which is participating in, a Plan sponsored by SeraCare; and (c) any Person (other than an individual) which, by the terms of a Plan sponsored by SeraCare, participates in such Plan or any employees of which, by the terms of a Plan sponsored by SeraCare, participate in or are covered by such Plan.

Section 1.17 Person. "Person" has the meaning set forth in Section 9.38 of the Separation Agreement.

Section 1.18 Plan. "Plan" means any plan (including any of the health and welfare plans), policy, program, payroll practice, arrangement, contract, trust, insurance policy, or any agreement or funding vehicle providing compensation or benefits to employees, former employees, directors or consultants of SeraCare or Life Sciences.

Section 1.19 Separation. "Separation" has the meaning set forth in the Recitals of the Separation Agreement.

Section 1.20 Separation Agreement. "Separation Agreement" means the Master Separation and Distribution Agreement dated June 10, 2001 between the parties, to which this Agreement is attached as Exhibit E.

Section 1.21 Separation Date. "Separation Date" has the meaning set forth in Section 1.1 of the Separation Agreement.

Section 1.22 Separation Date Workers' Compensation Plan. "Separation Date Workers' Compensation Plan" has the meaning set forth in Section 4.5 of this Agreement.

Section 1.23 SeraCare Business. "SeraCare Business" has the meaning set forth in Section 9.45 of the Separation Agreement.

Section 1.24 SeraCare Employee. "SeraCare Employee" means an individual who is: (a) on and immediately after the Separation Date actively employed by, or on leave of absence from, SeraCare; (b) an employee or among a group of employees designated prior to the Distribution Date as SeraCare Employees by SeraCare and Life Sciences, by mutual agreement; (c) an employee of SeraCare or Life Sciences who, prior to the Distribution Date, is on, or begins, a company approved leave of absence, provided such employment related to the SeraCare Business, until the earliest of (i) the employee's termination of employment, (ii) the passage of six months as measured from the employee's last day of active work, or (iii) the employee is medically released to return to work; or (d) any employee hired by SeraCare after

the Separation Date. The term SeraCare Employee, to the extent used herein relating to periods prior to the Separation Date, means an individual whose employment relates to the SeraCare Business.

Section 1.25 Subsidiary. "Subsidiary" has the meaning set forth in Section 9.51 of the Separation Agreement.

Section 1.26 Welfare Plan. "Welfare Plan" has the meaning given to such term in Section 3(1) of ERISA.

ARTICLE II
GENERAL PRINCIPLES

Section 2.1 Liabilities. Except as specified otherwise in this Agreement or as mutually agreed upon by Life Sciences and SeraCare, any Liability incurred with respect to SeraCare Plans by Life Sciences as a Participating Company up to the Distribution Date shall be borne solely by Life Sciences, and any Liability incurred with respect to Life Sciences Plans, as then, or in the future, may be established, will be borne solely by Life Sciences.

Section 2.2 Establishment of Life Sciences Plans.

(a) Health and Welfare Plans. As of or prior to the Distribution Date (or such other date(s) as SeraCare and Life Sciences may mutually agree), Life Sciences shall have established Life Sciences Health and Welfare Plans that will provide coverage for Life Sciences Employees (and their eligible dependents).

(b) 401(k) Plan. As of or prior to the Distribution Date (or such other date as SeraCare and Life Sciences may mutually agree), Life Sciences shall establish, or cause to be established, a separate trust, which is intended to be tax-qualified under Code Section 401(a), to be exempt from taxation under Code Section 501(a)(1), and to form the Life Sciences 401(k) Plan.

(c) Other Plans. Except as otherwise specified in this Agreement, on and after the Distribution Date, Life Sciences shall adopt such Life Sciences Plans as it deems appropriate.

(d) No Breach. Notwithstanding clauses (a) and (b) above, Life Sciences shall not be in breach of this Agreement if it does not adopt the Life Sciences Health and Welfare Plans and/or the Life Sciences 401(k) Plan (and/or related trust) until after the Distribution Date; provided that Life Sciences shall have made reasonable efforts to establish such plans on or before the Distribution Date but such plans could not be timely implemented due to circumstances beyond Life Sciences control.

Section 2.3 Life Sciences Under No Obligation To Maintain Plans. Except as specified otherwise in this Agreement, nothing in this Agreement shall preclude Life Sciences, at any time after the Distribution Date, from amending, merging, modifying, terminating, eliminating, reducing, or otherwise altering in any respect any Life Sciences Plan, any benefit under any Life Sciences Plan or any trust, insurance policy or funding vehicle related to any Life

Sciences Plans, or any employment or other service arrangement with Life Sciences Employees, consultants or vendors (to the extent permitted by law and the terms of such Life Sciences Plan or arrangement).

Section 2.4 Life Sciences's Participation In SeraCare Plans.

(a) Participation In SeraCare Plans. To the extent that Life Sciences is a Participating Company in any SeraCare Plan as of the date hereof, except as specified otherwise in this Agreement or as SeraCare and Life Sciences may mutually agree, Life Sciences shall continue to be a Participating Company in such SeraCare Plan until the Distribution Date.

(b) SeraCare's General Obligations As Plan Sponsor. To the extent that Life Sciences is a Participating Company in any SeraCare Plan, SeraCare shall continue to administer, or cause to be administered, in accordance with its terms and applicable law, such SeraCare Plan, and shall have the sole and absolute discretion and authority to interpret the SeraCare Plan, as set forth therein. Notwithstanding the foregoing, SeraCare may at any time amend, merge, modify, terminate, eliminate, reduce, or otherwise alter any SeraCare Plan to the extent permitted by law and the terms of such SeraCare Plan; provided, however, that SeraCare shall not amend, modify, or otherwise alter any SeraCare Plan in any manner not required by law that would materially increase Life Sciences' obligations under such Plan without Life Sciences' prior agreement (which shall not be unreasonably withheld).

(c) Life Sciences' General Obligations As Participating Company. Life Sciences shall perform, with respect to its participation in the SeraCare Plans, the duties of a Participating Company as set forth in each such Plan or any reasonable procedures adopted pursuant thereto, including (without limitation): (i) assistance in the administration of claims, to the extent requested by the claims administrator of the applicable SeraCare Plan; (ii) reasonable cooperation with SeraCare Plan auditors, benefit personnel and benefit vendors; (iii) reasonable preservation of the confidentiality of all financial arrangements SeraCare has or may have with any vendors, claims administrators, trustees, service providers or any other entity or individual with whom SeraCare has entered into an agreement relating to the SeraCare Plans; and (iv) preservation of the confidentiality of participant information (including, without limitation, health information in relation to leaves of absence) to the extent not specified otherwise in this Agreement or required by law.

(d) Termination of Participating Company Status. Effective as of the Distribution Date, Life Sciences shall automatically cease to be a Participating Company in any and all SeraCare Plans.

Section 2.5 Terms Of Participation By Life Sciences Employees In Life Sciences Plans.

(a) Non-Duplication Of Benefits. Effective as of the Distribution Date, SeraCare and Life Sciences shall agree on such additional methods and procedures (if any), including amending the respective Plan documents, as may be necessary or advisable to prevent Life Sciences Employees from receiving duplicate benefits from the SeraCare Plans and the Life Sciences Plans.

(b) Service Credit. With respect to Life Sciences Employees, Life Sciences shall provide that all eligibility and vesting service that, as of the Distribution Date, were recognized under the corresponding SeraCare Plan shall, as of the Distribution Date, receive full recognition and credit and be taken into account under such Life Sciences Plan to the same extent as if such items occurred under such Life Sciences Plan, except to the extent that duplication of benefits would result.

ARTICLE III
DEFINED CONTRIBUTION PLAN

Section 3.1 401(k) Plan.

(a) 401(k) Plan: Assumption Of Liabilities And Transfer Of Assets.

Effective as of or as soon as administratively practicable after the establishment of a Life Sciences 401(k) Plan: (i) immediately upon satisfaction of clause (ii) below, the Life Sciences 401(k) Plan shall assume and be solely responsible for all Liabilities relating to, arising out of, or resulting from Life Sciences Employees under the SeraCare 401(k) Plan; and (ii) SeraCare shall cause the accounts of the Life Sciences Employees under the SeraCare 401(k) Plan that are held by its related trust to be transferred to the Life Sciences 401(k) Plan and its related trust, and Life Sciences shall cause such transferred accounts to be accepted by such Plan and its related trust.

(b) No Distribution To Life Sciences Employees. Subject to compliance with applicable law and the terms of the SeraCare 401(k) Plan, the SeraCare 401(k) Plan and the Life Sciences 401(k) Plan shall provide that no distribution of account balances shall be made to any Life Sciences Employee on account of Life Sciences ceasing to be an Affiliate of SeraCare as of the Distribution Date.

(c) Matching Contributions. Any matching contributions due after the date hereof on behalf of any Life Sciences Employee to either the SeraCare 401(k) Plan or the Life Sciences 401(k) Plan shall be the sole responsibility of Life Sciences. Any matching contributions due after the date hereof on behalf of any SeraCare Employee to the SeraCare 401(k) Plan shall be the sole responsibility of SeraCare.

ARTICLE IV
HEALTH AND WELFARE PLANS

Section 4.1 Health Plans As Of The Distribution Date.

(a) Life Sciences Health Plans. Effective as of the Distribution Date, Life Sciences Employees shall cease to be covered under the SeraCare Health Plans (except to the extent that claims relate to the period for which there was such coverage), and Life Sciences shall be solely responsible for (i) all Liabilities incurred with respect to the Life Sciences Health Plans; and (ii) the administration of the Life Sciences Health Plans, including, without limitation, the payment of all employer-related costs in establishing and maintaining the Life Sciences Health Plans, and for the collection and remittance of employee premiums from such date forward.

(b) Vendor Arrangements. If requested by Life Sciences and if agreed to by SeraCare, SeraCare shall use reasonable efforts in assisting Life Sciences to procure, effective as of the Distribution Date (or such other date(s) as SeraCare and Life Sciences may mutually agree), Life Sciences Health Plans.

(c) No Status Change. Subject to compliance with applicable law and the terms of the SeraCare Plans and/or the Life Sciences Plans, the transfer or other movement of employment between SeraCare to Life Sciences at any time upon or before the Distribution Date shall neither constitute nor be treated as a "status change" or termination of employment under the SeraCare Health Plans or the Life Sciences Health Plans.

(d) Reimbursement Accounts. This Section 4.1(d) shall apply with respect to any Life Sciences Employees ("Covered Employees") who, immediately prior to the Distribution Date, participated in any flexible spending account feature (medical or dental reimbursement and/or dependent care assistance) under the SeraCare 125 Plan. Effective as of or prior to the Distribution Date, Life Sciences shall establish the Life Sciences 125 Plan. The Life Sciences 125 Plan shall contain a flexible spending account feature substantially similar to the flexible spending account feature under the SeraCare 125 Plan. On or as soon as administratively practicable after the effective date of the Life Sciences 125 Plan, SeraCare shall cause an amount equal to any and all contributions made by

Covered Employees to the flexible spending account feature under the SeraCare 125 Plan which have not be applied towards covered expenses under the SeraCare 125 Plan to be paid in cash in a single lump sum to Life Sciences and, thereupon, the Covered Employees' flexible spending account claims shall be assumed by the Life Sciences 125 Plan and SeraCare shall have no further liability with respect thereto. Life Sciences and SeraCare each agree to use their reasonable best efforts to accomplish such transfer.

Section 4.2 Health Plans Through The Distribution Date. Except as otherwise agreed by SeraCare and Life Sciences, for the period beginning with the Separation Date and ending on the Distribution Date (or such other period as SeraCare and Life Sciences may mutually agree), Life Sciences Employees shall continue to participate in the SeraCare Health Plans to the extent they currently participate in such Plans. SeraCare shall administer and be responsible for claims incurred under the SeraCare Health Plans by Life Sciences Employees until the Distribution Date.

Section 4.3 Group Life Plan. Life Sciences shall, until the Distribution Date (or such other date as SeraCare and Life Sciences may mutually agree), continue to be a Participating Company in any SeraCare group life insurance plan or arrangement.

Section 4.4 COBRA. SeraCare shall be responsible for providing COBRA continuation coverage (for the applicable period of time as required by law) to Life Sciences Employees and their eligible dependents who become eligible for such coverage prior to the Distribution Date. Effective as of the Distribution Date, Life Sciences shall be responsible for providing COBRA continuation coverage to Life Sciences Employees and their eligible dependents who become eligible for such coverage on and following the Distribution Date.

Section 4.5 Workers' Compensation Plan. Effective as of the Separation Date, or such other date as SeraCare and Life Sciences may mutually agree, SeraCare shall establish at

Life Sciences' expense a workers' compensation plan for the benefit of Life Sciences Employees (the "Separation Date Workers' Compensation Plan"). Effective as of the Distribution Date, Life Sciences shall establish, terminate or renegotiate the terms of the Separation Date Workers' Compensation Plan. Any Liabilities that accrue under the Separation Date Workers' Compensation Plan shall be Liabilities of Life Sciences.

Section 4.6 Severance. SeraCare and Life Sciences agree that individuals who, on or prior to the Separation Date, in connection with the Separation, cease to be SeraCare Employees and become Life Sciences Employees shall not be deemed to have experienced a termination or severance of employment from SeraCare and its Subsidiaries for purposes of any SeraCare Plan that provides for the payment of severance, salary continuation or similar benefits. Life Sciences shall assume and be solely responsible for all Liabilities of SeraCare in connection with claims made by or on behalf of Life Sciences Employees in respect of severance pay, salary continuation and similar obligations relating to the termination or alleged termination of any such person's employment on or after the date hereof.

Section 4.7 Vacation. SeraCare and Life Sciences agree that all accrued vacation for Life Sciences Employees shall be Life Sciences' obligation.

ARTICLE V
ADMINISTRATIVE PROVISIONS

Section 5.1 Sharing Of Participant Information. SeraCare and Life Sciences shall share, or cause to be shared, all participant information that is necessary or appropriate for the efficient and accurate administration of each of the SeraCare Plans and the Life Sciences Plans during the respective periods

applicable to such Plans as Life Sciences and SeraCare may mutually agree. SeraCare and Life Sciences and their respective authorized agents shall, subject to applicable laws of confidentiality and data protection, be given reasonable and timely access to, and may make copies of, all information relating to the subjects of this Agreement in the custody of the other party or its agents, to the extent necessary or appropriate for such administration.

Section 5.2 Costs And Expenses. Each of SeraCare and Life Sciences shall bear all of its own costs and expenses, including but not limited to legal and actuarial fees, in the design, drafting and implementation of any and all plans and compensation structures which it establishes or creates and the amendment of its existing plans or compensation structures.

ARTICLE VI
EMPLOYMENT-RELATED MATTERS

Section 6.1 Employment Of Employees With United States Work Visas. Life Sciences Employees with U.S. work visas authorizing them to work for SeraCare will continue to hold work authorization for SeraCare after the Separation Date. Life Sciences will request amendments to the nonimmigrant visa status of Life Sciences Employees with U.S. work visas authorizing them to work for SeraCare so that such employees may, pursuant to the amended

work visas, provide services to Life Sciences. SeraCare shall take all such actions as Life Sciences may reasonably request to help effect such amendments.

Section 6.2 Employment Litigation; Claims. Life Sciences shall have sole responsibility for all employment-related claims regarding Life Sciences Employees whenever arising that arise out of facts, acts or omissions relating to, arising out of, or resulting from their employment with Life Sciences. SeraCare shall have sole responsibility for all employment-related claims by or regarding SeraCare Employees.

Section 6.3 Employment Terminations. A SeraCare Employee whose employment by SeraCare terminates after the Distribution Date and who is subsequently employed by Life Sciences shall be deemed to be a Life Sciences Employee but effective only with respect to the period of time that he or she is actually employed by Life Sciences after the Distribution Date and any benefits that correspond to such period of employment (to the extent permitted by law and the terms of any Life Sciences Plan). A Life Sciences Employee whose employment by Life Sciences terminates after the Distribution Date and who is subsequently employed by SeraCare shall be deemed to be a SeraCare Employee but effective only with respect to the period of time that he or she is actually employed by SeraCare after the Distribution Date and any benefits that correspond to such period of employment (to the extent permitted by law and the terms of any SeraCare Plan).

ARTICLE VII
MISCELLANEOUS PROVISIONS

Section 7.1 Limitation of Liability. IN NO EVENT SHALL EITHER PARTY OR ITS SUBSIDIARIES BE LIABLE TO THE OTHER PARTY OR ITS SUBSIDIARIES FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

Section 7.2 Effect If Separation And/Or Distribution Does Not Occur. If the Separation and/or Distribution does not occur, then all actions and events that are, under this Agreement, to be taken or occur effective as of the Separation Date and/or Distribution Date, or otherwise in connection with the Separation and/or Distribution, shall not be required except to the extent specifically agreed by Life Sciences and SeraCare.

Section 7.3 Relationship Of Parties. Nothing in this Agreement shall be deemed or construed by the parties or any third party as creating the relationship of principal and agent, partnership or joint venture between the parties, the understanding and agreement being that no provision contained herein, and no act of the parties, shall be deemed to create any relationship between the parties other than the relationship set forth herein.

Section 7.4 Entire Agreement. This Agreement, the Separation Agreement, the other Ancillary Agreements and the Exhibits and Schedules referenced or attached hereto and thereto, constitute the entire agreement between the parties with respect to the subject matter hereof and

shall supersede all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof.

Section 7.5 Dispute Resolution. Any and all controversies, disputes or claims arising out of, relating to, in connection with or resulting from this Agreement (or any amendment thereto or any transaction contemplated hereby or thereby), including as to its existence, interpretation, performance, non-performance, validity, breach or termination, including any claim based on contract, tort, statute or constitution and any claim raising questions of law, whether arising before or after termination of this Agreement, shall be deemed a Dispute as defined in Section 7.6 of the Separation Agreement and shall be resolved exclusively by, in accordance with, and subject to the limitations set forth in Section 7.6 of the Separation Agreement.

Section 7.6 Governing Law. This Agreement shall be construed in accordance with and all Disputes hereunder shall be governed by the laws of the State of California, excluding its conflict of law rules. The Superior Court of San Diego County and/or the United States District Court for the Southern District of California, San Diego Division, shall have jurisdiction and venue over all Disputes between the parties, subject to the provisions of Section 7.6 of the Separation Agreement.

Section 7.7 Notices. Any notice, demand, offer, request or other communication required or permitted to be given by either party pursuant to the terms of this Agreement shall be in writing and shall be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one (1) Business Day after being delivered by facsimile (with receipt of appropriate confirmation), (iv) one (1) Business Day after being deposited with an overnight courier service or (v) four (4) days after being deposited in the U.S. mail, First Class with postage prepaid, and addressed to the attention of the party's Chief Executive Officer at the address of its principal executive office or such other address as a party may request by notifying the other party thereof in writing.

Section 7.8 Counterparts. This Agreement, including the Schedules hereto and the other documents referred to herein, may be executed in counterparts via facsimile or otherwise, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

Section 7.9 Binding Effect; Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives and successors, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Except as herein specifically provided to the contrary, neither party may assign this Agreement or any rights or obligations hereunder, without the prior written consent of the other party, and any such assignment shall be void; provided, however, that either party (or its permitted successive assignees or transferees hereunder) may assign or transfer this Agreement as a whole without consent to an entity that succeeds to all or substantially all of the business or assets of such party to which this Agreement relates.

Section 7.10 Severability. The parties hereto have negotiated and prepared the terms of this Agreement in good faith with the intent that each and every one of the terms, covenants and conditions herein be binding upon and inure to the benefit of the respective parties. Accordingly, if any one or more of the terms, provisions, promises, covenants or conditions of this Agreement or the application thereof to any person or circumstance shall be adjudged to any extent invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, such provision shall be as narrowly construed as possible, and each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement or their application to other persons or circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law. To the extent this Agreement is in violation of applicable law, then the parties agree to negotiate in good faith to amend the Agreement, to the extent possible consistent with its purposes, to conform to law.

Section 7.11 Waiver of Breach. The waiver by either party hereto of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or another provision hereof.

Section 7.12 Authority. Each of the parties hereto represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 7.13 Descriptive Headings. The headings contained in this Agreement, in any Exhibit or Schedule hereto and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any capitalized term used in any Schedule or Exhibit but not otherwise defined therein, shall have the meaning assigned to such term in this Agreement. When a reference is made in this Agreement to an Article or a Section, Exhibit or Schedule, such reference shall be to an Article or Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated.

Section 7.14 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

Section 7.15 Additional Assurances. Except as may be specifically provided herein to the contrary, the provisions of this Agreement shall be self-operative and shall not require further agreement by the parties; provided, however, at the request of either party, the other party shall execute such additional instruments and take such additional acts as are reasonable, and as the requesting party may reasonably deem necessary, to effectuate this Agreement.

Section 7.16 Amendment. Life Sciences and SeraCare may mutually agree to amend the provisions of this Agreement at any time or times, for any reason, either prospectively or retroactively, to such extent and in such manner as the parties mutually deem advisable. No

change or amendment will be made to this Agreement, except by an instrument in

writing signed by authorized individuals.

Section 7.17 Force Majeure. Neither party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service deemed to result, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, explosions, earthquakes, floods, failure of transportation, strikes or other work interruptions by either party's employees, or any other similar cause beyond the reasonable control of either party unless such delay or failure in performance is expressly addressed elsewhere in this Agreement.

IN WITNESS WHEREOF, each of the parties have caused this Agreement to be executed on its behalf by its officers thereunto duly authorized on the day and year first above written.

SERACARE, INC.	SERACARE LIFE SCIENCES, INC.
By: /s/ Barry Plost	By: /s/ Jerry L. Burdick
Name: Barry Plost	Name: Jerry L. Burdick
Title: Chief Executive Officer	Title: Executive Vice President

[SIGNATURE PAGE TO EMPLOYEE MATTERS AGREEMENT]

EXHIBIT 10.12

TAX SHARING AGREEMENT

BETWEEN

SERACARE, INC.

AND

SERACARE LIFE SCIENCES, INC.

JUNE 10, 2001

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TAX SHARING AGREEMENT

This Tax Sharing Agreement (this "Agreement") is entered into as of June 10, 2001, by and between SeraCare, Inc., a Delaware corporation ("SeraCare"), and SeraCare Life Sciences, Inc., a California corporation and wholly-owned subsidiary of SeraCare ("Life Sciences"). SeraCare and Life Sciences are sometimes referred to herein individually as a "party" or collectively as the "parties."

RECITALS

WHEREAS, pursuant to an Agreement and Plan of Merger dated June 10, 2001 (the "Merger Agreement") by and between SeraCare, Instituto Grifols, S.A., a company organized under the laws of Spain ("Grifols"), and SI Merger Corp., a Delaware corporation and wholly-owned subsidiary of Grifols, Grifols will acquire all of the outstanding stock of SeraCare by merging SI Merger Corp. with and into SeraCare (the "Merger");

WHEREAS, as a condition of, and immediately prior to, the Merger, SeraCare will declare a pro rata distribution to its stockholders of all of the capital stock of Life Sciences (the "Distribution");

WHEREAS, at the close of the business on the date the Distribution is effective, Life Sciences will cease to be a member of the SeraCare Consolidated Group (as defined below); and

WHEREAS, as a result of the Distribution the parties hereto wish to provide for the payment of Income Taxes (as defined herein) and entitlement to refunds thereof, allocate responsibility and provide for cooperation in connection with the filing of returns in respect of Income Taxes, and provide for certain other matters relating to Income Taxes.

NOW, THEREFORE, in consideration of the agreements herein contained and intending to be legally bound hereby, SeraCare and Life Sciences hereby agree as follows:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement the following capitalized terms are defined in this Article I.

Section 1.1 Action. "Action" means any action, claim, suit, arbitration, inquiry, proceeding or investigation by or before any court, any governmental, regulatory or other administrative agency or commission or any arbitration tribunal.

Section 1.2 Ancillary Agreements. "Ancillary Agreements" has the meaning set forth in Section 2.1 of the Separation Agreement.

Section 1.3 Code. "Code" means the Internal Revenue Code of 1986, as amended.

Section 1.4 Disputes. "Disputes" has the meaning set forth in Section 7.6 of the Separation Agreement.

Section 1.5 Distribution. "Distribution" has the meaning set forth in the Recitals hereof.

Section 1.6 Distribution Date. "Distribution Date" has the meaning set forth in Section 3.2(a) of the Separation Agreement.

Section 1.7 Final Determination. "Final Determination" means the final resolution of liability for any Income Tax, which resolution may be for a specific issue or adjustment or for a taxable period: (i) by Internal Revenue Service Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of a state or local Taxing Jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for Refund or the right of the Taxing Jurisdiction to assert a further deficiency in respect of such issue or adjustment or for such taxable period (as the case may be); (ii) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (iii) by a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the laws of a state or local taxing jurisdiction; (iv) by any allowance of a Refund or credit in respect of an overpayment of Income Tax, but only after the expiration of all periods during which such Refund may be recovered (including by way of offset) by the jurisdiction imposing such Income Tax; or (v) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

Section 1.8 Income Tax. "Income Tax" (a) means (i) any foreign or any United States federal, state or local tax, charge, fee, impost, levy or other assessment that is based upon, measured by, or calculated with respect to (1) net income or profits (including, but not limited to, any capital gains, gross receipts, or minimum tax, and any tax on items of tax preference, but not including sales, use, value added, real property gains, real or personal property, transfer or similar taxes), or (2) multiple bases (including, but not limited to, corporate franchise, doing business or occupation taxes), if one or more of the bases upon which such tax may be based, by which it may be measured, or with respect to which it may be calculated is described in clause (a)(i)(1) of this definition, in either case, together with any interest and any penalties, fines, additions to tax or additional amounts imposed by any Taxing Jurisdiction with respect thereto and (b) shall include any liability in respect of an amount described in clause (a) of this definition resulting from the application of Treasury Regulations ss.1.1502-6 or similar provision under state or local law, or as a transferee.

Section 1.9 Income Tax Liability. "Income Tax Liability" means all liabilities for Income Taxes.

Section 1.10 Income Tax Return. "Income Tax Return" means any return, report, filing, statement, questionnaire, declaration or other document that has been or is required to be filed with a Taxing Jurisdiction in respect of Income Taxes.

Section 1.11 Indemnified Party. "Indemnified Party" means any Person seeking indemnification pursuant to the provisions of this Agreement.

Section 1.12 Indemnifying Party. "Indemnifying Party" means any party hereto from which any Indemnified Party is seeking indemnification pursuant to the provisions of this Agreement.

Section 1.13 IRS. "IRS" means the Internal Revenue Service.

Section 1.14 Merger. "Merger" has the meaning given that term in the Recitals hereof.

Section 1.15 Merger Agreement. "Merger Agreement" has the meaning given that term in the Recitals hereof.

Section 1.16 Person. "Person" means any individual, partnership, joint venture, limited liability company, corporation, association, joint stock company, trust, unincorporated organization or similar entity or a governmental authority or any department or agency or other unit thereof.

Section 1.17 Post-Distribution Tax Attribute. "Post-Distribution Tax Attribute" means a Tax Attribute that arises in a Post-Distribution Taxable Period and can be carried back to a Pre-Distribution Taxable Period.

Section 1.18 Post-Distribution Taxable Period. "Post-Distribution Taxable Period" means a taxable period that, to the extent it relates to Life Sciences and its Subsidiaries, begins after midnight on the Distribution Date.

Section 1.19 Pre-Distribution Tax Attribute. "Pre-Distribution Tax Attribute" means a Tax Attribute that arises in a Pre-Distribution Taxable Period (including the taxable period in which the Distribution Date occurs) and can be carried to a Post-Distribution Taxable Period.

Section 1.20 Pre-Distribution Taxable Period. "Pre-Distribution Taxable Period" means a taxable period that, to the extent it relates to Life Sciences and its Subsidiaries, ends on or before midnight on the Distribution Date.

Section 1.21 Proceeding. "Proceeding" means any audit or other examination, judicial or administrative proceeding relating to liability for, or Refunds or adjustments with respect to, Income Taxes.

Section 1.22 Refund. "Refund" means any refund of Income Taxes, including any reduction in Income Tax Liabilities by means of a credit, offset or otherwise.

Section 1.23 Separation Agreement. "Separation Agreement" means the Master Separation and Distribution Agreement dated as of the date hereof between the parties, to which this Agreement is attached as Exhibit F.

Section 1.24 SeraCare Consolidated Federal Return. "SeraCare Consolidated Federal Return" means any consolidated federal Income Tax Return or amendment thereof of the SeraCare Consolidated Group for any SeraCare Consolidated Return Period.

Section 1.25 SeraCare Consolidated Group. "SeraCare Consolidated Group" means SeraCare and, with respect to federal Income Taxes, the other members of the affiliated group of corporations (within the meaning of Section 1504(a) of the Code) of which SeraCare was the common parent prior to the Merger, and with respect to state or local Income Taxes, any other corporations with whom SeraCare filed or files a consolidated, combined or unitary Income Tax Return with SeraCare as the common parent. Notwithstanding the foregoing, Life Sciences shall cease to be a member of the SeraCare Consolidated Group after midnight on the Distribution Date, and shall not be a member of the SeraCare Consolidated Group for any Post-Distribution Taxable Period.

Section 1.26 SeraCare Consolidated Returns. "SeraCare Consolidated Returns" means all SeraCare Consolidated Federal Returns and all SeraCare State and Local Returns.

Section 1.27 SeraCare Consolidated Return Period. "SeraCare Consolidated Return Period" means a taxable period that ends on, before, or includes the Distribution Date for which a consolidated, combined or unitary (as applicable) federal, state or local Income Tax Return is filed or required to be filed by the SeraCare Consolidated Group or by a member thereof (except any Income Tax Return filed or required to be filed by Life Sciences with respect to any Post-Distribution Taxable Period).

Section 1.28 SeraCare Consolidated Tax Liability. "SeraCare Consolidated Tax Liability" means the consolidated, combined or unitary Income Tax Liability of the SeraCare Consolidated Group.

Section 1.29 SeraCare State and Local Returns. "SeraCare State and Local Returns" means any combined, consolidated or unitary state or local Income Tax Returns or amendments thereof that are required to be filed by SeraCare or a member of the SeraCare Consolidated Group for any SeraCare Consolidated Return Period.

Section 1.30 Subsidiary. "Subsidiary" has the meaning set forth in Section 9.35 of the Separation Agreement.

Section 1.31 Tax Attribute. "Tax Attribute" means a consolidated net operating loss, a consolidated net capital loss, a consolidated unused investment credit, a consolidated unused foreign tax credit, or a consolidated excess charitable contribution (as such terms are used in Treasury Regulations ss.ss.1.1502-79 and 1.1502-79A) or analogous provisions of state or local law, or a U.S. federal minimum tax credit or U.S. federal general business credit or analogous provisions of state or local law (but not tax basis or earnings and profits).

Section 1.32 Taxing Jurisdiction. "Taxing Jurisdiction" means the United States and every other government or governmental unit, whether domestic or foreign, having jurisdiction to tax SeraCare, Life Sciences or any of their respective affiliates.

Section 1.33 Life Sciences. "Life Sciences" has the meaning set forth in the preamble and shall include for all purposes of this Agreement its Subsidiaries.

ARTICLE II
PREPARATION AND FILING OF TAX RETURNS; PAYMENT OF TAX

Section 2.1 Federal Returns of SeraCare.

(a) General. Except as provided herein, SeraCare shall have sole and exclusive responsibility for the preparation and filing of all SeraCare Consolidated Federal Returns, and any amendments thereto, with the IRS. SeraCare shall, on a timely basis, file or cause to be filed all SeraCare Consolidated Federal Returns and estimated tax returns of the SeraCare Consolidated Group as are required to be filed in its sole discretion. SeraCare shall have the right to: determine the manner in which all such returns shall be filed; make any elections in connection with any such returns; contest, compromise and settle any adjustments of deficiency proposed, asserted or assessed in connection with any such returns; file, pursue, compromise or settle any claim for refund; and determine whether any refunds to which the SeraCare Consolidated Group is entitled shall be paid by way of a refund or credit. Notwithstanding the foregoing, such returns shall be filed in a manner consistent with an allocation of items of income, gain, loss or deduction of SeraCare and all other members of the SeraCare Consolidated Group, including Life Sciences (including any deferred income triggered into income by Treasury Regulations ss. 1.1502-13 and ss. 1.1502-14 and any excess loss accounts taken into income under Regulations ss. 1.1502-19) based upon Treasury Regulations ss.1.1502-76(b)(1)(ii) on an accrual basis, and using a "closing of the books" method.

(b) Notwithstanding Section 2.1(c) and (d), SeraCare shall have the sole authority to take any position on SeraCare Consolidated Federal Returns (including any amended returns) to the extent that such position is consistent with SeraCare's prior practice. To the extent such position on SeraCare Consolidated Federal Returns is related to the Income Tax Liability of Life Sciences, Life Sciences and SeraCare shall cooperate with each other reasonably and in good faith to determine whether any such position is consistent with SeraCare's prior practice, is inconsistent with SeraCare's prior practice, or has no comparable prior practice.

(c) SeraCare shall allow Life Sciences an opportunity to review and comment upon such SeraCare Consolidated Federal Returns (including any amended returns) to the extent that they relate to the Income Tax Liability of Life Sciences solely to the extent that positions taken on such returns are inconsistent with SeraCare's prior practice or have no comparable prior practice. For any position on such SeraCare Consolidated Federal Returns that is inconsistent with SeraCare's prior practice or has no comparable prior practice, and that relates to the Income Tax Liability of Life Sciences that would affect Life Sciences on or after the date hereof, Life Sciences and SeraCare shall cooperate with each other reasonably and in good faith to determine a mutually acceptable return position.

(d) Subject to Section 2.1(c), to the extent an election, return position, or amendment to a federal Income Tax Return filed by SeraCare or a member of the SeraCare Consolidated Group relates to an item of income, gain, loss or deduction of Life Sciences accruing in a Post-Distribution Taxable Period, Life Sciences and SeraCare shall cooperate with

each other reasonably and in good faith to determine a mutually acceptable election, return position, or amendment to such Income Tax Return. Notwithstanding the foregoing, if such election, return position, or amendment to such Income Tax Return solely affects Life Sciences, such election, return position, or amendment to such Income Tax Return shall be determined by Life Sciences in its sole discretion, reasonably and in good faith.

(e) Cooperation. Life Sciences shall furnish SeraCare, at least sixty (60) days before the due date (including extensions) of any SeraCare Consolidated Federal Return, its completed section of such return, prepared in accordance with this Agreement, and in a manner consistent with prior returns. Life Sciences shall also furnish SeraCare work papers and other such information and documentation as is reasonably requested by SeraCare with respect to Life Sciences.

Section 2.2 State and Local Returns of SeraCare.

(a) General. SeraCare shall have sole and exclusive

responsibility for the preparation and filing of all SeraCare State and Local Returns. SeraCare shall on a timely basis file or cause to be filed all SeraCare State and Local Returns and estimated tax returns of the SeraCare Consolidated Group as are required to be filed in its sole discretion. SeraCare shall have the right to: determine the manner in which all such returns shall be filed; make any elections in connection with any such returns; contest, compromise and settle any adjustments of deficiency proposed, asserted or assessed in connection with any such returns; file, pursue, compromise or settle any claim for refund; and determine whether any refunds to which the SeraCare Consolidated Group is entitled shall be paid by way of a refund or credit. Notwithstanding the foregoing, such returns shall be filed in a manner consistent with the preparation of the relevant SeraCare Consolidated Federal Return and, when requested by Life Sciences in its reasonable discretion, shall allocate items of income, gain, loss and deduction of Life Sciences on a per diem basis.

(b) Notwithstanding Section 2.2(c) and (d), SeraCare shall have the sole authority to take any position on SeraCare State and Local Returns (including any amended returns) to the extent that such position is consistent with SeraCare's prior practice. To the extent such position on SeraCare State and Local Returns is related to the Income Tax Liability of Life Sciences, Life Sciences and SeraCare shall cooperate with each other reasonably and in good faith to determine whether any such position is consistent with SeraCare's prior practice, is inconsistent with SeraCare's prior practice, or has no comparable prior practice.

(c) SeraCare shall allow Life Sciences an opportunity to review and comment upon such SeraCare State and Local Returns (including any amended returns) to the extent that they relate to the Income Tax Liability of Life Sciences solely to the extent that positions taken on such returns are inconsistent with SeraCare's prior practice or have no comparable prior practice. For any position on such SeraCare State and Local Returns that is inconsistent with SeraCare's prior practice or has no comparable prior practice, and that relates to the Income Tax Liability of Life Sciences that would affect Life Sciences on or after the date hereof, Life Sciences and SeraCare shall cooperate with each other reasonably and in good faith to determine a mutually acceptable return position.

(d) Subject to Section 2.2(c), to the extent an election, return position, or amendment to a state or local Income Tax Return filed by SeraCare or a member of the SeraCare Consolidated Group relates to an item of income, gain, loss or deduction of Life Sciences accruing in a Post-Distribution Taxable Period, Life Sciences and SeraCare shall cooperate with each other reasonably and in good faith to determine a mutually acceptable election, return position, or amendment to such Income Tax Return. Notwithstanding the foregoing, if such election, return position, or amendment to such Income Tax Return solely affects Life Sciences, such election, return position, or amendment to such Income Tax Return shall be determined by Life Sciences in its sole discretion, reasonably and in good faith.

(e) Cooperation. SeraCare shall timely advise Life Sciences of the inclusion of Life Sciences in any SeraCare State and Local Returns and the jurisdictions in which such returns will be filed. Life Sciences shall evidence its agreement to be included in such return on the appropriate form(s) and shall take such other actions as may be appropriate to carry out the purposes and intent of Section 2.1 and this Section 2.2, provided that such actions are not inconsistent with this Agreement. Life Sciences shall furnish SeraCare, at least sixty (60) days before the due date (including extensions) of any such SeraCare State and Local Returns, its completed section of such returns, prepared in accordance with this Agreement, and in a manner consistent with prior returns. Life Sciences shall also furnish SeraCare workpapers and other such information and documentation as is reasonably requested by SeraCare with respect to Life Sciences.

Section 2.3 Income Tax Liability.

(a) SeraCare Consolidated Federal Return Liability. Except to

the extent otherwise provided herein, SeraCare shall be liable for and indemnify Life Sciences against all Income Taxes due in respect of all SeraCare Consolidated Federal Returns.

(b) SeraCare State and Local Return Liability. Except to the extent otherwise provided herein, SeraCare shall be liable for and indemnify Life Sciences against all Income Taxes due in respect of all SeraCare State and Local Returns.

(c) Life Sciences Payment of Income Tax Liability. With respect to the Pre-Distribution Taxable Period beginning the date hereof and ending on the Distribution Date (the "Life Sciences Liability Period"), Life Sciences shall pay to SeraCare an amount equal to the amount of taxes for which Life Sciences would be directly liable if Life Sciences filed its Income Tax Returns on a separate company basis and paid Income Tax based solely upon items of income, gain, loss or deduction of Life Sciences for the Life Sciences Liability Period (the "Life Sciences Tax Liability"). For purposes of determining the Life Sciences Tax Liability, Life Sciences shall furnish SeraCare, at least sixty (60) days before the due date (including extensions) of any relevant Income Tax Return of SeraCare, its calculation of the items of income, gain, loss or deduction of Life Sciences as a separate company, based upon a closing of the books method. Life Sciences shall also furnish SeraCare work papers and other such information and documentation as is reasonably requested by SeraCare with respect to Life Sciences. In no event shall the Life Sciences Tax Liability attributable to any SeraCare Consolidated Return Period exceed the aggregate amount of Income Tax payable by SeraCare for such period.

Section 2.4 Life Sciences Separate Returns and Income Tax Liability. Life Sciences shall prepare, or cause to be prepared, all Income Tax Returns of Life Sciences for, and shall be liable for, all Income Taxes of Life Sciences due in respect of, (a) all Post-Distribution Taxable Periods and (b) any taxable period for which Life Sciences, with respect to such Income Tax, is not or was not a member of the SeraCare Consolidated Group.

ARTICLE III
INDEMNIFICATION FOR INCOME TAXES

Section 3.1 Indemnification by SeraCare. Except as otherwise provided in this Article III, SeraCare shall indemnify and hold Life Sciences and its successors and assigns harmless from and against (i) the SeraCare Consolidated Tax Liability, including any Income Taxes that are imposed on SeraCare, any member of the SeraCare Consolidated Group, Life Sciences or any other Person as a result (in whole or in part) of the Distribution or the Merger, (ii) any liability for Income Taxes as a result of Treasury Regulations ss.1.1502-6 or any analogous or similar provision under state or local law or regulation, of any Person which is or has ever been a member of the SeraCare Consolidated Group, (iii) all Income Tax Liabilities that SeraCare is required to pay under Article II hereof, and (iv) any costs and expenses related to any of the foregoing (including, without limitation, reasonable legal, accounting, appraisal, consulting or similar fees and expenses), provided, however, that this Section 3.1 shall not apply to any portion of the Life Sciences Tax Liability.

Section 3.2 Indemnification by Life Sciences. From and after the Distribution Date, Life Sciences shall indemnify and hold each member of the SeraCare Consolidated Group (other than Life Sciences) harmless from and against (i) all Income Tax Liabilities that Life Sciences is required to pay under Article II hereof, and (ii) any costs and expenses related to any of the foregoing (including, without limitation, reasonable legal, accounting, appraisal, consulting or similar fees and expenses.

ARTICLE IV
INCOME TAX CONTESTS

Section 4.1 Notification. Life Sciences shall promptly upon receipt of notice thereof notify SeraCare in writing of any communication with respect to any pending or threatened Proceeding in connection with an Income Tax Liability (or an issue related thereto) for which SeraCare may be responsible pursuant to this Agreement. Life Sciences shall include with such notification a true, correct and complete copy of any written communication, and an accurate and complete written summary of any oral communication, so received by Life Sciences. The failure of Life Sciences to timely forward such notification in accordance with the immediately preceding sentence shall not relieve SeraCare of its obligation to pay such Income Tax Liability or indemnify Life Sciences therefor, except and to the extent that the failure to timely forward such notification actually prejudices the ability of SeraCare to contest such Income Tax Liability or increases the amount of such Income Tax Liability. Similarly, SeraCare shall promptly upon receipt of notice thereof notify Life Sciences in writing of any communication with respect to any pending or threatened Proceeding in connection with an Income Tax Liability (or an issue related thereto) for which Life Sciences may be responsible pursuant to this Agreement. SeraCare shall include with such notification a true, correct and complete copy of any written

communication, and an accurate and complete written summary of any oral communication, so received by SeraCare. The failure of SeraCare to timely forward such notification in accordance with the immediately preceding sentence shall not relieve Life Sciences of its obligation to pay such Income Tax Liability or indemnify SeraCare therefor, except and to the extent that the failure to timely forward such notification actually prejudices the ability of Life Sciences to contest such Income Tax Liability or increases the amount of such Income Tax Liability.

Section 4.2 Proceedings Involving SeraCare. Except as limited in Section 4.2(a), (b), (c), and (d), SeraCare (or such member of the SeraCare Consolidated Group as SeraCare shall designate) shall be entitled to designate counsel with respect to any Proceeding with respect to an Income Tax Return filed by SeraCare or a member of the SeraCare Consolidated Group, and SeraCare shall have the right to resolve any such Proceeding in its sole discretion.

(a) SeraCare shall allow Life Sciences and its counsel to participate at its own expense in any Proceeding relating to an Income Tax Return filed for a SeraCare Consolidated Return Period, to the extent that such Proceeding relates to Income Tax for which Life Sciences would be liable under Sections 2.3 or 2.4 hereof. Life Sciences shall have the sole authority to determine whether any such Proceeding relates to Income Tax for which Life Sciences would be liable under Sections 2.3 or 2.4 hereof, which authority shall be exercised by Life Sciences reasonably and in good faith;

(b) Subject to Section 4.2(a), to the extent an election, return position, or amendment to an Income Tax Return filed by SeraCare or a member of the SeraCare Consolidated Group relates to an item of income, gain, loss or deduction of Life Sciences accruing in a Post-Distribution Taxable Period, Life Sciences and SeraCare shall cooperate with each other reasonably and in good faith to determine a mutually acceptable election, return position, or amendment to such Income Tax Return. Notwithstanding the foregoing, if such election, return position, or amendment to such Income Tax Return solely affects Life Sciences, such election, return position, or amendment to such Income Tax Return shall be determined by Life Sciences in its sole discretion reasonably and in good faith;

(c) Life Sciences shall be entitled to designate counsel with respect to any Proceeding with respect to an Income Tax Return that includes solely Life Sciences and relates solely to items for which Life Sciences is responsible hereunder, and Life Sciences shall have the right to resolve any such Proceedings in its sole discretion.

(d) Life Sciences shall allow SeraCare and its counsel to participate at its own expense in any Proceeding relating to an Income Tax Return filed by Life Sciences, to the extent that such Proceeding relates to Income Tax for which SeraCare would be liable under Section 2.3 hereof. SeraCare

shall have the sole authority to determine whether any such Proceeding relates to Income Tax for which SeraCare would be liable under Section 2.3 hereof, which authority shall be exercised by SeraCare reasonably and in good faith.

Section 4.3 Power of Attorney. Life Sciences shall execute and deliver to SeraCare any power of attorney or other document reasonably requested by SeraCare (or a designee) in connection with any Proceeding described in Section 4.2 hereof.

ARTICLE V
APPORTIONMENT OF TAX ATTRIBUTES; REFUNDS; TAX SHARING AGREEMENTS

Section 5.1 Apportionment of Tax Attributes.

(a) If the SeraCare Consolidated Group has a Pre-Distribution Tax Attribute, the portion, if any, of such Pre-Distribution Tax Attribute that shall be apportioned to Life Sciences and treated as a carryover to the first Post-Distribution Taxable Period of Life Sciences shall be determined as if the members of the SeraCare Consolidated Group had filed returns on a separate company basis; provided, however, that the portion, if any, of any consolidated unused foreign tax credit which shall be apportioned to Life Sciences shall be determined separately with respect to each of the items of income listed in Section 904(d) of the Code.

(b) Subject to Life Sciences' consent, which consent shall not be unreasonably withheld, SeraCare shall determine the portion, if any, of any Pre-Distribution Tax Attribute that must (absent a Final Determination to the contrary) be apportioned to Life Sciences in accordance with this Section 5.1 and applicable law, and the amount of tax basis and earnings and profits to be apportioned to Life Sciences in accordance with applicable law, and shall provide written notice of the calculation thereof to Life Sciences within 180 days of the filing of the SeraCare Consolidated Federal Return that includes the Distribution Date.

Section 5.2 Refunds. Except as set forth in this Section 5.2 and in Section 5.3, SeraCare shall be entitled to all Refunds (and any interest thereon received from the applicable Taxing Jurisdiction) in respect of Income Taxes for all SeraCare Consolidated Returns. Life Sciences shall be entitled to all Refunds (and any interest thereon received from the applicable Taxing Jurisdiction) in respect of (a) Income Taxes paid by Life Sciences for all Post-Distribution Taxable Periods, (b) the Life Sciences Tax Liability, and (c) any separate returns filed by Life Sciences pursuant to Section 2.4 hereof. A party receiving a Refund to which another party is entitled pursuant to this Section 5.2 shall pay the amount to which such other party is entitled within ten (10) days after such Refund is received. SeraCare shall be permitted to file, and Life Sciences shall fully cooperate with SeraCare in connection with, any claim for Refund in respect of an Income Tax for which any member of the SeraCare Consolidated Group is responsible pursuant to Article II hereof.

Section 5.3 Carrybacks. Life Sciences elects not to carry back any Post-Distribution Tax Attribute into a SeraCare Consolidated Return. SeraCare shall have no obligation to file any Income Tax Return or refund claim, amended or otherwise, as a result of any Post-Distribution Tax Attribute of Life Sciences.

Section 5.4 Retention of Carryovers. SeraCare shall not elect to retain any net operating loss carryovers or capital loss carryovers of Life Sciences under Treasury Regulations ss. 1.1502-20(g), provided, however, that any such net operating loss carryover or capital loss carryover of Life Sciences may be used in the computation of the taxable income of any SeraCare Consolidated Return.

Section 5.5 Tax Sharing Agreements. Any tax sharing agreement (other than this Agreement) between SeraCare and Life Sciences or between Life Sciences and any other Person shall be terminated as of the Distribution Date and will have no further effect for any taxable year (whether the current year, a future year, or a past year).

ARTICLE VI
COOPERATION AND EXCHANGE OF INFORMATION

Section 6.1 Cooperation.

(a) Life Sciences, on behalf of itself and each of its affiliates, agrees to provide SeraCare (or its designee) with such cooperation or information as SeraCare (or its designee) reasonably shall request in connection with the determination of any other calculations described in this Agreement, the preparation or filing of any Income Tax Return or claim for Refund, or the conduct of any Proceeding. Such cooperation and information shall include, without limitation, (i) promptly forwarding copies of appropriate notices and forms or other communications (including, without limitation, information document requests, revenue agent reports and similar reports, notices of proposed adjustments and notices of deficiency) received from or sent to any Taxing Jurisdiction or any other administrative, judicial or governmental authority, (ii) upon reasonable notice, providing copies of all relevant Income Tax Returns, together with accompanying schedules and related workpapers, documents relating to rulings or other determinations by taxing authorities, and such other records concerning the ownership and tax basis of property, or other relevant information that Life Sciences or its affiliates may possess, (iii) upon reasonable notice, providing of such additional information and explanations of documents and information provided under this Agreement (including statements, certificates and schedules delivered by either party) as shall be reasonably requested by SeraCare (or its designee), (iv) upon reasonable notice, the providing of any document that may be necessary or reasonably helpful in connection with the filing of an Income Tax Return, a claim for a Refund, or in connection with any Proceeding, including such waivers, consents or powers of attorney as may be necessary for SeraCare to exercise its rights under this Agreement, and (v) upon reasonable notice, using reasonable efforts to obtain any documentation from a governmental authority or a third party that may be necessary or reasonably helpful in connection with any of the foregoing. Upon reasonable notice, Life Sciences shall make its, or shall cause its affiliates to make their, employees and facilities available on a mutually convenient basis to provide explanation of any documents or information provided hereunder. Any information obtained under this Section 6.1(a) shall be kept confidential, except as otherwise reasonably may be necessary in connection with the filing of Income Tax Returns or claims for Refund or in conducting any Proceeding. It is expressly the intention of the parties to this Agreement to take all actions that shall be necessary to establish SeraCare as the sole agent for Income Tax purposes with respect to all SeraCare Consolidated Returns.

(b) SeraCare, on behalf of itself and each member of the SeraCare Consolidated Group (including SeraCare), agrees to provide Life Sciences (or its designee) with such cooperation or information as Life Sciences (or its designee) reasonably shall request in connection with the determination of any other calculations described in this Agreement, the preparation or filing of any Income Tax Return or claim for Refund, or the conduct of any

Proceeding. Such cooperation and information shall include, without limitation and upon reasonable notice, promptly forwarding copies of appropriate notices and forms or other communications (including, without limitation, information document requests, revenue agent's reports and similar reports, notices of proposed adjustments and notices of deficiency) received from or sent to any Taxing Jurisdiction or any other administrative, judicial or governmental authority, (ii) upon reasonable notice, providing copies of all relevant Income Tax Returns, together with accompanying schedules and related workpapers, documents relating to rulings or other determinations by taxing authorities, and such other records concerning the ownership and tax basis of property, or other relevant information that SeraCare or any member of the SeraCare Consolidated

Group may possess, (iii) upon reasonable notice, the provision of such additional information and explanations of documents and information provided under this Agreement (including statements, certificates and schedules delivered by either party) as shall be reasonably requested by Life Sciences (or its designee), (iv) upon reasonable notice, the execution of any document that may be necessary or reasonably helpful in connection with the filing of an Income Tax Return, a claim for a Refund, or in connection with any Proceeding, including such waivers, consents or powers of attorney as may be necessary for Life Sciences to exercise its rights under this Agreement, and (v) the use of SeraCare's reasonable efforts to obtain any documentation from a governmental authority or a third party that may be necessary or reasonably helpful in connection with any of the foregoing. Upon reasonable notice, SeraCare shall make, or shall cause each member of the SeraCare Consolidated Group to make, its employees and facilities available on a mutually convenient basis to provide explanation of any documents or information provided hereunder. Any information obtained under this Section 6.1(b) shall be kept confidential, except as otherwise reasonably may be necessary in connection with the filing of Income Returns or claims for Refund or in conducting any Proceeding. Notwithstanding any other provision of this Agreement, neither Life Sciences, nor any of its affiliates nor any other Person shall have any right to receive or obtain any information relating to income of SeraCare or any of its affiliates other than information relating to items of income, gain, loss, deduction, or the Income Tax Liability of Life Sciences.

Section 6.2 Retention of Records. Life Sciences agrees to retain all Income Tax Returns, related schedules and workpapers, and all material records and other documents as required under Code Section 6001 and the regulations promulgated thereunder (and any similar provision of state, local, or foreign Income or other Tax law) existing on the date hereof or created in respect of (i) any taxable period that ends on or before or includes the Distribution Date or (ii) any taxable period that may be subject to a claim hereunder, until the later of (x) the expiration of the statute of limitations (including extensions) for the taxable periods to which such Income Returns and other documents relate and (y) the Final Determination of any payments that may be required in respect of such taxable periods under this Agreement. From and after the end of the period described in the preceding sentence of this Section 6.2, if Life Sciences wishes to dispose of any such records and documents, then Life Sciences shall provide written notice thereof to SeraCare and shall provide SeraCare the opportunity to take possession of any such records and documents within ninety (90) days after such notice is delivered; provided, however, that if SeraCare does not, within such ninety (90) day period, confirm its intention to take possession of such records and documents, Life Sciences may destroy or otherwise dispose of such records and documents.

ARTICLE VII
PAYMENTS

Section 7.1 Method of Payment. All payments required by this Agreement shall be made by (a) wire transfer to the appropriate bank account as may from time to time be designated by the parties for such purpose; provided that, on the date of such wire transfer, notice of the transfer is given to the recipient thereof in accordance with Section 8.4 hereof, or (b) any other method agreed to by the parties. All payments due under this Agreement shall be deemed to be paid when available funds are actually received by the payee.

Section 7.2 Interest. Any payment required by this Agreement that is not made on or before the date required hereunder shall bear interest, from and after such date through the date of payment, at the underpayment rate as in effect at such time under Section 6621 of the Code.

Section 7.3 Characterization of Payments. For all tax purposes, the parties hereto agree to treat, and to cause their respective affiliates to treat, (i) any payment required by this Agreement as a contribution by SeraCare to Life Sciences occurring immediately prior to the Distribution and (ii) any payment of interest or non-federal Income Taxes by or to a Taxing Jurisdiction,

as taxable to or deductible by, as the case may be, the party entitled under this Agreement to receive such payment or required under this Agreement to make such payment, in either case except as otherwise mandated by applicable law; provided that in the event it is determined as a result of a Final Determination that any such treatment is not permissible, the payment in question shall be adjusted to place the parties in the same after-tax position they would have enjoyed absent such Final Determination. Any payment required by this Agreement by Life Sciences to SeraCare shall be treated as Life Sciences' share of the tax liability of the SeraCare Consolidated Returns, as determined in accordance with this Agreement and the Treasury Regulations under Section 1502.

Section 7.4 Time of Indemnification Payment. To the extent an indemnification obligation arises, the Indemnifying Party shall, upon at least ten (10) days' prior notice, make payment pursuant to such indemnification obligation no later than five (5) days prior to the date the Indemnified Party makes a payment of taxes, interest, or penalties with respect to such Income Tax Liability, including a proposed adjustment of taxes or an assessment of tax deficiency asserted or made by any Taxing Jurisdiction that is premised in whole or part on such Income Tax Liability, or a payment made in settlement of an asserted tax deficiency.

ARTICLE VIII
MISCELLANEOUS PROVISIONS

Section 8.1 Entire Agreement. This Agreement, the Ancillary Agreements and the Exhibits and Schedules referenced or attached hereto and thereto, constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior written and oral and all contemporaneous oral agreements and understandings with respect to the subject matter hereof.

Section 8.2 Dispute Resolution. Any and all controversies, disputes or claims arising out of, relating to, in connection with or resulting from this Agreement (or any

amendment thereto or any transaction contemplated hereby or thereby), including as to its existence, interpretation, performance, non-performance, validity, breach or termination, including any claim based on contract, tort, statute or constitution and any claim raising questions of law, whether arising before or after termination of this Agreement, shall be deemed a Dispute as defined in Section 7.6 of the Separation Agreement and shall be resolved exclusively by, in accordance with, and subject to the limitations set forth in Section 7.6 of the Separation Agreement.

Section 8.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its rules regarding conflicts of laws.

Section 8.4 Notices. Any notice, demand, offer, request or other communication required or permitted to be given by either party pursuant to the terms of this Agreement shall be in writing and shall be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one (1) business day after being delivered by facsimile (with receipt of appropriate confirmation), (iv) one (1) business day after being deposited with an overnight courier service, or (v) four (4) days after being deposited in the U.S. mail, First Class with postage prepaid, and addressed to the attention of the party's Chief Executive Officer at the address of its principal executive office or such other address as a party may request by notifying the other party thereof in writing.

Section 8.5 Agent. Life Sciences hereby irrevocably appoints SeraCare as its agent and limited attorney-in-fact to take any action as SeraCare may deem necessary or appropriate to effect the tax sharing contemplated by this

Agreement including, without limitation, those actions specified in Treasury Regulation ss.1.1502-77(a) and analogous provisions of state and local law.

Section 8.6 Amendment. This Agreement may be amended, modified or supplemented only by a written agreement signed by both of the parties hereto.

Section 8.7 Counterparts. This Agreement and the other documents referred to herein, may be executed via facsimile or otherwise in counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

Section 8.8 Binding Effect; Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives and successors, and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Except as herein specifically provided to the contrary, neither party may assign this Agreement or any rights or obligations hereunder, without the prior written consent of the other party, and any such assignment shall be void; provided, however, that either party (or its permitted successive assignees or transferees hereunder) may assign or transfer this Agreement as a whole without consent to an entity that succeeds to all or substantially all of the business or assets of such party to which this Agreement relates. Notwithstanding the foregoing, SeraCare may assign any of its rights or obligations under this Agreement to any member of its consolidated group as determined under Section 1504 of the Code it shall designate or to any

purchaser of SeraCare; provided, however, that no such assignment shall relieve SeraCare of any obligation to make a payment hereunder to Life Sciences to the extent such designee fails to make such payment.

Section 8.9 Severability. The parties hereto have negotiated and prepared the terms of this Agreement in good faith with the intent that each and every one of the terms, covenants and conditions herein be binding upon and inure to the benefit of the respective parties. Accordingly, if any one or more of the terms, provisions, promises, covenants or conditions of this Agreement or the application thereof to any person or circumstance shall be adjudged to any extent invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, such provision shall be as narrowly construed as possible, and each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement or their application to other persons or circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law. To the extent this Agreement is in violation of applicable law, then the parties agree to negotiate in good faith to amend the Agreement, to the extent possible consistent with its purposes, to conform to law.

Section 8.10 Waiver of Breach. The waiver by either party hereto of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or another provision hereof.

Section 8.11 Amendment and Execution. This Agreement and amendments hereto shall be in writing and executed in multiple copies via facsimile or otherwise on behalf of SeraCare and Life Sciences by their respective duly authorized officers and representatives. Each multiple copy shall be deemed an original, but all multiple copies together shall constitute one and the same instrument.

Section 8.12 Authority. Each of the parties hereto represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and

performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

Section 8.13 Descriptive Headings. The headings contained in this Agreement and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. When a reference is made in this Agreement to an Article or a Section, such reference shall be to an Article or Section of this Agreement unless otherwise indicated.

Section 8.14 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and plural.

Section 8.15 Additional Assurances. Except as may be specifically provided herein to the contrary, the provisions of this Agreement shall be self-operative and shall not require further agreement by the parties; provided, however, at the request of either party, the other party shall execute such additional instruments and take such additional acts as are reasonable, and as the requesting party may reasonably deem necessary, to effectuate this Agreement.

Section 8.16 Force Majeure. Neither party shall be liable or deemed to be in default for any delay or failure in performance under this Agreement or other interruption of service deemed to result, directly or indirectly, from acts of God, civil or military authority, acts of public enemy, war, accidents, explosions, earthquakes, floods, failure of transportation, strikes or other work interruptions by either party's employees, or any other similar cause beyond the reasonable control of either party unless such delay or failure in performance is expressly addressed elsewhere in this Agreement.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized on the day and year first above written.

SERACARE, INC.	SERACARE LIFE SCIENCES, INC.
By: /s/ Barry Plost	By: /s/ Jerry Burdick
Name; Barry Plost	Name; Jerry Burdick
Title: Chief Executive Officer	Title: Executive Vice President

[SIGNATURE PAGE TO TAX SHARING AGREEMENT]

EXHIBIT 10.13

REDACTED VERSION

SUPPLY AND SERVICES AGREEMENT

*** Confidential treatment has been requested as to certain portions of this agreement. Such omitted confidential information has been designated by an asterisk and has been filed separately with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended, and the Commission's rules and regulations promulgated under the Freedom of Information Act, pursuant to a request for confidential treatment. ***

This Supply and Services Agreement (this "Agreement") is entered into as of _____, 2001, by and between SeraCare, Inc., a Delaware corporation ("SeraCare"), and SeraCare Life Sciences, Inc., a California corporation and wholly-owned subsidiary of SeraCare ("Life Sciences"). SeraCare and Life Sciences are sometimes referred to herein individually as a "party" or collectively as the "parties."

RECITALS

WHEREAS, SeraCare has entered into an Agreement and Plan of Merger (the "Merger Agreement") with Instituto Grifols, S.A., a company organized under the laws of Spain ("Grifols"), pursuant to which SeraCare will merge with and into SI Merger Corp., a Delaware corporation and wholly-owned subsidiary of Grifols (the "Merger"), provided that all of the conditions precedent to the Merger set forth in the Merger Agreement have been satisfied;

WHEREAS, the parties have determined that it is appropriate and desirable to distribute to the holders of SeraCare's common stock, by means of a pro rata distribution immediately prior to the effective time of the Merger, all of the shares of Life Sciences common stock (the "Distribution");

WHEREAS, the parties desire to set forth herein terms and conditions pursuant to which SeraCare agrees to supply, and Life Sciences agrees to purchase and accept, certain plasma products, and SeraCare agrees to perform certain plasmapheresis services on referred donors, and Life Sciences agrees to purchase and accept such referred donor plasma, following the Distribution.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth below, the parties, intending to be legally bound, hereby agree as follows:

1. Products, Services Prices and Payment

1.1 Life Sciences agrees to purchase from SeraCare, and SeraCare agrees to sell to Life Sciences, plasma-related products (the "Products") set forth on Exhibit A attached hereto at such prices as set forth on Exhibit A.

Life Sciences and SeraCare represent and warrant

that such prices were determined as a result of arms-length negotiation between the parties. The parties shall negotiate annually in good faith mutually acceptable price adjustments (increase or decrease) of the Products based on factors the parties deem relevant including the then prevailing market price for such products, regulatory issues and testing requirements. Such price adjustment shall be effective upon each anniversary of the initial, or any renewal term, of this Agreement, provided that in the event that there are changes in any legal or regulatory requirements that materially impact SeraCare's costs of the Product production, the parties shall, prior to such annual negotiations, negotiate in good faith price increases or decreases not to exceed the direct costs of such change in legal or regulatory requirements, provided further that in no event shall the price for the Products exceed the fair market value for the Products. If the parties are unable to reach agreement on an annual price adjustment as provided for herein, then the parties shall submit the matter to dispute resolution as provided for in Section 8.5.

1.2 Subject to Life Sciences' Standard Operating Procedures and any applicable requirements relating to a subject donor's medical condition, SeraCare agrees it shall (i) perform automated plasmapheresis bleedings on all donors referred by Life Sciences (the "Plasmapheresis Services"), and that Life Sciences shall have the right to receive all blood plasma collected by SeraCare which is derived from such referred donors (the "Referred Donor Plasma"), and (ii) if and when SeraCare acquires an appropriately licensed and equipped center, draw blood on all donors referred by Life Sciences (the "Blood Drawing Services"), and that Life Sciences shall have the right to receive all whole blood, off the clot, serum, et. al. therefrom (the "Referred Donor Blood," collectively, with the Referred Donor Plasma, the "Referred Donor Products.") SeraCare shall conduct viral marker testing and FDA required confirmatory testing on all Referred Donor Products (the "Testing Services"). The price, including softgoods, (but excluding donor fees which shall be payable by Life Sciences) for such Plasmapheresis Services, Blood Drawing Services, Testing Services and Referred Donor Products (collectively, the "Referred Donor Services") shall be as set forth on Exhibit A , as amended from time to time in accordance with this Agreement. Life Sciences and SeraCare represent and warrant that such prices were determined as a result of arms-length negotiation between the parties. The parties shall negotiate annually in good faith mutually acceptable price adjustments (increase or decrease) of the Referred Donor Services based on factors the parties deem relevant including the then prevailing market price for such products, regulatory issues and testing requirements. Such price adjustment shall be effective upon each anniversary date of the initial, or any renewal term, of this Agreement, provided that in the event that there are changes in any legal or regulatory requirements that materially impact SeraCare's costs of the Referred Donor Services, the parties

shall, prior to such annual negotiations, negotiate in good faith price increases or decreases not to exceed the direct costs of such change in legal or regulatory requirements, provided further that in no event shall the price for the Referred Donor Services exceed the fair market value for the Referred Donor Services. If the parties are unable to reach agreement on an annual price adjustment as provided for herein, then the parties shall submit the matter to dispute resolution as provided for in Section 8.5.

1.3 Payment by Life Sciences for any Products will be made within thirty (30) days from date of delivery of such Products by SeraCare, and payment by Life Sciences for any Referred Donor Services will be made within thirty (30) days from the date of delivery of the Referred Donor Products by SeraCare.

1.4 All costs of shipment, freight, insurance and all government taxes and duties incurred in connection with shipment of the Products and the Referred Donor Products to Life Sciences or Life Sciences customers will be paid by Life Sciences.

1.5 Life Sciences agrees that it shall exclusively use the appropriately licensed Centers (as hereinafter defined) for donors in respect of Referred Donor Services for all donors who reside within reasonable proximity to an appropriately licensed Center.

2. Delivery, Storage and Handling

2.1 All Products and Referred Donor Products will be packed and shipped in accordance with SeraCare's established Standard Operating Procedures that significantly relate to the collection of blood plasma in effect as of the date hereof, as may be amended from time to time as provided for in Section 3.1, and all applicable sections of the Code of Federal Regulations, including all applicable sections and regulations issued or promulgated by the United States Food and Drug Administration, as well as any other applicable federal, state, and local regulations concerning the collection, packaging, processing, storing or shipping of the Products. All shipments of the Products and Referred Donor Products will contain all duly and properly prepared documentation required by applicable laws or regulations.

2.2 Life Sciences shall deliver to SeraCare a purchase order with the specifications of each order of the Products.

2.3 Title and all risk of loss and damage regarding the Products and the Referred Donor Products shall pass to Life Sciences upon delivery to Life Sciences, except for Products or Referred Donor Products rejected pursuant to Section 3.3.

2.4 Life Sciences agrees that upon delivery of Products and Referred Donor Products to Life Sciences, Life Sciences shall handle, store and maintain

all Products and Referred Donor Products in an appropriate environment in accordance with applicable law, industry standards and good manufacturing practices. If Life Sciences shall fail to handle, store and maintain any Products or Referred Donor Products in accordance with this Agreement, such Products or Referred Donor Products shall not be subject to rejection as provided below. Life Sciences shall indemnify SeraCare pursuant to Section 8.1 hereof in the event that any third-party claims arise because of any failure by Life Sciences to handle, store and maintain Products or Referred Donor Products in accordance with this Agreement.

3. Product Quality and Use

3.1 All Products sold to Life Sciences hereunder shall conform to the quality and technical specifications set forth for such Products on Exhibit B attached hereto (the "Minimum Specifications"), provided that SeraCare may modify its Standard Operating Procedures (which are included in the Minimum Specifications) only if such modification (i) relates solely to a change required by law (based on the advice of nationally recognized healthcare regulatory counsel) and SeraCare notifies Life Sciences of such modification at least five business days prior to the effective date of such modification, (ii) does not significantly relate to the collection of blood plasma, or (iii) is not required by law (based on the advice of nationally recognized healthcare regulatory counsel) and SeraCare has obtained written consent

of such change from Life Sciences. In addition, SeraCare agrees that the Products delivered to Life Sciences shall not be misbranded or adulterated within the meaning of the Federal Food, Drug and Cosmetic Act, and shall be in full compliance with the Biological Products Section of the Public Health Service Act, and applicable regulations, and shall be in full compliance with any applicable international, federal, state or local laws, ordinances or regulations in accordance with past practice. Subject to Section 8.14 hereof, in the event SeraCare ships to Life Sciences any Products which are not in compliance with such laws, regulations or the Minimum Specifications, then SeraCare will be liable to Life Sciences for damages arising out of relating to such non-compliant Products (including, without limitation, attorneys fees, arbitrators' fees, costs of experts and court costs).

3.2 All Referred Donor Services performed hereunder shall conform to the quality and technical specifications set forth for such Referred Donor Services on Exhibit C attached hereto (the "Referred Donor Minimum Specifications"), provided that Life Sciences may modify the Minimum Specifications upon written notification to SeraCare with such modifications to be effective within five (5) business days of delivery of such notification. In addition, SeraCare agrees that the Referred Donor Products delivered to Life

Sciences shall not be misbranded or adulterated within the meaning of the Federal Food, Drug and Cosmetic Act, and shall be in full compliance with the Biological Products Section of the Public Health Service Act, and applicable regulations, and shall be in full compliance with any applicable international, federal, state or local laws, ordinances or regulations in accordance with past practice. Subject to Section 8.14 hereof, in the event SeraCare ships to Life Sciences any Referred Donor Products which is not in compliance with such laws, regulations or the Referred Donor Minimum Specifications, then SeraCare will be liable to Life Sciences for damages arising out of relating to such non-compliant Referred Donor Products (including, without limitation, attorneys fees, arbitrators' fees, costs of experts and court costs).

3.3

(A) All Referred Donor Products furnished by SeraCare to Life Sciences hereunder which does not meet the Referred Donor Minimum Specifications, and all Products furnished by SeraCare to Life Sciences hereunder which do not meet the Minimum Specifications, or which are, in Life Sciences' reasonable judgment, otherwise defective shall be subject to rejection notwithstanding prior payment by Life Sciences, provided that any rejection of Referred Donor Products or Products, other than de minimis rejections, shall be accompanied by a written explanation from Life Sciences setting forth the basis or bases for such rejection. SeraCare acknowledges and agrees that Life Sciences may reject any Products that do not conform to the Minimum Specifications, or any Referred Donor Products that does not conform to the Referred Donor Minimum Specifications, at any time up to thirty (30) business days after delivery of such Products or Referred Donor Products to Life Sciences or Life Sciences customers, provided that any Products or Referred Donor Products not rejected during such period shall be deemed to be accepted by Life Sciences.

(B) Subject to Section 2.4 and 8.14 hereof, Life Sciences shall have no liability whatsoever with respect to such rejected Products or Referred Donor Products and SeraCare shall reimburse Life Sciences for any and all costs and expenses (including but not limited to shipment, freight, insurance and all government taxes and duties incurred during

shipment, transportation, storage, handling and pooling costs) which are incurred by Life Sciences with respect to any such rejected Products or Referred Donor Products. SeraCare shall have the right to instruct Life Sciences to (i) return any rejected Products or Referred Donor Products to SeraCare (after receiving notification of such rejection) or (ii) destroy such rejected Products or Referred Donor Products in lieu of returning them to SeraCare, provided that Life Sciences shall use its best efforts to dispose of such rejected Products or Referred Donor Products in accordance with all applicable law and regulations. In the event SeraCare does not give instructions regarding the disposition of such rejected Products or Referred Donor Products within fifteen (15) business days after notice of rejection of the Products or Referred Donor Products by Life Sciences to SeraCare, Life Sciences shall have the right to destroy or

otherwise dispose of all such rejected Products or Referred Donor Products at SeraCare's sole expense without any liability whatsoever to SeraCare and without obligation to compensate SeraCare for any part of such rejected Products or Referred Donor Products.

3.4 Subject to the terms and conditions contained herein, including without limitation the liability limitation in Section 8.14, in the event Life Sciences makes prior payment for Products or Referred Donor Products which are later rejected in accordance with this Agreement, the purchase price of such rejected Products or Referred Donor Products, and any other costs and expenses incurred by Life Sciences in connection with such rejected Products or Referred Donor Products, may be set off or deducted from any other payments due to SeraCare from Life Sciences. In addition, Life Sciences shall have the right, at its sole election, to demand reimbursement, in cash, for the purchase price and any other sums paid in connection with any such rejected Products or Referred Donor Services, subject to SeraCare's right to set off or deduct payments due from Life Sciences.

3.5 Life Sciences represents and warrants to SeraCare that the Products and the Referred Donor Products shall be manufactured and distributed solely for diagnostic purposes and not for human consumption or otherwise for injection into humans.

4. Regulatory Requirements

4.1 SeraCare represents and warrants that as of the date of this Agreement, each of the centers set forth on Exhibit D attached hereto, as amended from time to time in accordance herewith, (the "Centers" or individually a "Center") is Licensed as hereinafter defined. For purposes of this Agreement, a Center is Licensed when it has (i) a license issued by the United States Food and Drug Administration (the "FDA"); (ii) is Quality Plasma Program ("QPP") certified, and (iii) has all other material permits and licenses which are required by federal, state or local regulatory agencies in order for SeraCare to operate the Centers, except for the Centers located in Danville, Virginia and Providence, Rhode Island, for which SeraCare agrees to use its best efforts to obtain QPP certification. SeraCare agrees that all of the Products sold by SeraCare to Life Sciences hereunder will be collected only at the Centers, and all of the Referred Donor Services will be performed only at the Centers. SeraCare shall immediately notify Life Sciences if any Center is no longer Licensed, and the parties expressly agree that any Center that is no longer Licensed will be deleted from Exhibit D.

4.2 SeraCare agrees that it shall operate the Centers in material compliance with applicable federal, state and local laws, rules and regulations. SeraCare also agrees to be

solely responsible for ensuring that its Centers materially comply with laws, rules and regulations pertaining to occupational safety and health, blood borne pathogens and good manufacturing practices.

4.3 If at any time during the term of this Agreement SeraCare receives written notice (a "Compliance Notice") from any federal, state or local governmental entity or agency that any Center is out of compliance in any material respect with applicable federal, state or local laws, rules or regulations, SeraCare agrees that it will inform Life Sciences within five (5) business days of its receipt of such written notification. For purposes hereof, a FDA Form 483 notice or similar inspection report shall be deemed to be a Compliance Notice. Within thirty (30) days after notifying Life Sciences of such non-compliance, SeraCare shall deliver written notice informing Life Sciences of its election either to (i) remove the non-compliant Center from Exhibit D, or (ii) provide Life Sciences with a written proposal in which SeraCare sets forth the commercially reasonable efforts that it will use to, and projected timetable within which it will, bring the non-compliant Center into material compliance. If SeraCare elects to try to bring a non-compliant Center into material compliance and satisfies the concerns of the subject governmental entity or agency enumerated in the Compliance Notice, or, six months after responding to such Compliance Notice, SeraCare has received no further correspondence from the subject governmental entity in respect thereof, the Center which is the subject of such Compliance Notice shall be deemed to be in compliance with this Agreement and shall not be removed from Exhibit D. If SeraCare elects to try to bring a non-compliant Center in to material compliance but is unsuccessful, in the reasonable determination of Life Sciences, in bringing such center into material compliance herewith and with such Compliance Notice within thirty (30) days of the date of delivery of the written proposal referred to in clause (ii) of this Section 4.3, either party notify the other that it elects to remove the non-compliant Center from Exhibit D, and that Center's removal will be effective immediately upon delivery of that notice.

4.4 The parties further agree that Life Sciences has the right to inspect any Center on 24 hours' notice and at Life Sciences' sole expense during normal business hours to ensure material compliance with applicable regulations. Life Sciences agrees to conduct such inspection in a reasonable manner. If SeraCare receives from Life Sciences a notice of non-compliance resulting from the inspection, within thirty (30) days of receipt of such notice of such non-compliance, SeraCare shall deliver written notice informing Life Sciences of its election either to (i) remove the non-compliant Center from Exhibit D, or (ii) provide Life Sciences with a written proposal in which SeraCare sets forth the commercially reasonable efforts that it will use to, and projected timetable within which it will, bring the non-compliant Center into material compliance. If SeraCare elects to try to bring a non-compliant Center in to material compliance, and the relevant remediation efforts cause the Center to be able to produce Products or collect Referral Donor Products in accordance with the Minimum Specifications, or Referred Donor Minimum Specifications, as the case may be, and the Center is otherwise in compliance with all applicable laws and regulations, the Center which is the subject of the non-compliance shall be deemed to be in compliance with this Agreement and shall not be removed from

Exhibit D. If SeraCare elects to try to bring a non-compliant Center into material compliance but is unsuccessful, in the reasonable determination of Life Sciences, within thirty (30) days from the date of delivery of the written proposal referred to in clause (ii) of this Section 4.4, either party notify the other that it elects to remove the non-compliant Center from Exhibit D, and that Center's removal will be effective immediately upon delivery of that notice.

5. Access to Donor Base

Subject to applicable laws and regulations regarding the confidentiality of donor information, SeraCare agrees that it shall grant Life Sciences continuing access during the term of this Agreement to its donor base of all donors who signed a consent form to allow donor history to be included in the database, (the "consented donor base") including donor history files. The parties acknowledge that as of the date of this Agreement to their knowledge and after reasonable investigation HIPAA does not apply to SeraCare and the donor information provided to Life Sciences pursuant to this Agreement. SeraCare shall provide Life Sciences such information in a reasonable format requested by Life Sciences within a reasonable time period, which in no event shall exceed five (5) business days from the date of the request.

6. Warrant

Immediately following the Distribution, Life Sciences shall grant Instituto Grifols, S.A., or its affiliate, a warrant, in accordance with the terms of the Warrant Agreement attached hereto as Exhibit E, to purchase up to ten (10) percent of the outstanding common stock of Life Sciences immediately following the Distribution, which, for purposes of example, if calculated as of the date hereof (assuming conversion of the warrants issued to by SeraCare to Nap & Co., Fuelship & Co., Northman & Co., and Hare & Co.) would be 1,388,962 shares of common stock of Life Sciences.

7. Term and Termination

7.1 Term. The term of this Agreement shall commence immediately following the Distribution and shall continue until January 24, 2006, unless earlier terminated or extended as provided herein. This Agreement shall automatically terminate and be of no further force and effect in the event the Merger Agreement is terminated.

7.2 Termination.

(A) Upon the occurrence of any of the following events, Life Sciences shall be entitled to (a) receive immediate written notice of the occurrence of such event and (b) terminate this Agreement immediately by giving written notice of termination to SeraCare:

(1) In the event of insolvency of SeraCare or in the event that in involuntary or voluntary petition in bankruptcy is filed by, against or on behalf of SeraCare;

(2) In the event SeraCare makes a general assignment for the benefit of its creditors, or a receiver or trustee is appointed for its business or property;

(3) In the event three (3) or more Centers materially fail any inspection by Life Sciences, the FDA or any applicable federal, state or local government agency in any twelve month period, and the circumstances giving rise to such inspection is not cured as contemplated by Section 4; or

(4) In the event SeraCare fails to observe the terms of this Agreement and such failure shall continue to exist for thirty days after written notice of such failure has been given to SeraCare.

(B) Upon the occurrence of any of the following events, SeraCare shall be entitled to (a) receive immediate written notice of the occurrence of such event and (b) terminate this Agreement immediately by giving written notice of termination to Life Sciences:

(1) In the event of insolvency of Life Sciences or in the event that in involuntary or voluntary petition in bankruptcy is filed by, against or on behalf of Life Sciences;

(2) In the event Life Sciences makes a general assignment for the benefit of its creditors, or a receiver or trustee is appointed for its business or property; or

(3) In the event Life Sciences fails to observe the terms of this Agreement and such failure shall continue to exist for thirty days after written notice of such failure has been given to Life Sciences.

(C) Failure or delay by either party in terminating this Agreement following the occurrence of any event specified in Section 8.2 (A) or (B) above or following any other breach of this Agreement shall not constitute a waiver of such party's right to terminate this Agreement.

(D) Subject to Section 8.14 hereof, no termination of this Agreement shall release or discharge either of the parties from any debt or liability which shall have been incurred or accrued prior to the date of termination.

7.3 Renewal. The first or any subsequent term of this Agreement shall automatically be extended for successive renewal terms of one year each in duration, on the otherwise same terms and conditions, unless either party provides written notice of intent not to extend to the other party on or at anytime before four months prior to the expiration of the then current term.

8. Miscellaneous

8.1 Indemnification. Subject to Section 8.14, each party hereto (the "Indemnifying Party") shall, to the extent of the Indemnifying Party's proportionate share of fault, if any, indemnify and hold harmless the other party and its officers, directors, employees, agents, representatives, contractors and subcontractors from and against any and all claims or causes of action brought by any third party or third parties arising out of any act or omission of the Indemnifying Party in connection with this Agreement.

8.2 Insurance. SeraCare agrees to carry at its sole cost and expense during the term of this Agreement and for a reasonable time thereafter, product and professional liability insurance consistent with prudent business practices in the industry with respect to the Products and Referred Donor Services in an amount not less than $300,000 per occurrence for product liability and not less than $500,000 per occurrence for professional liability. Life Sciences agrees to carry at its sole cost and expense during the term of this Agreement and for a

reasonable time thereafter, product insurance consistent with prudent business practices in the industry for the Products or Referred Donor Products in an amount not less than $300,000 per occurrence for product liability. If SeraCare's product liability or professional liability insurance is claims-made (rather than occurrence) insurance, then, before this Agreement expires, SeraCare shall purchase tail insurance covering claims that arise after the Agreement expires.

8.3 Confidentiality. The parties agree to maintain the confidentiality of the contents of this Agreement. Neither party will voluntarily disclose the contents of this Agreement unless such disclosure is pre-approved in writing by the other party, or such disclosure is required by law or governmental regulation.

8.4 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and shall supersede all prior written and oral and all contemporaneous oral

agreements and understandings with respect to the subject matter hereof.

8.5 Dispute Resolution. Resolution of any and all disputes, claims and causes of action of any nature whatsoever (collectively, "Disputes"), arising from or relating to this Agreement, shall be exclusively governed by the provisions of this Section 8.5.

(a) Negotiation. The parties shall make a good faith attempt to resolve any Dispute arising out of or relating to this Agreement through informal negotiation between appropriate representatives from each of SeraCare and Life Sciences. If at any time either party feels that such negotiations are not leading to a resolution of the Dispute, such party may send a notice to the other party describing the Dispute and requesting a meeting of the senior executives from each party. Within ten (10) Business Days after such notice is given, each party shall select appropriate senior executives of each party who shall have the authority to resolve the matter and shall meet to attempt in good faith to negotiate a resolution of the Dispute. During the course of negotiations under this Section 8.5(a), all reasonable requests made by one party to the other for information, including requests for copies of relevant documents, will be honored. The specific format for such negotiations will be left to the discretion of the designated negotiating senior executives but may include the preparation of agreed upon statements of fact or written statements of position furnished to the other party. In the event that any Dispute arising out of or related to this Agreement is not settled by the parties within thirty (30) days after the first meeting of the negotiating senior executives, either party may submit the Dispute to arbitration pursuant to Section 8.5(b).

(b) Arbitration. All Disputes not resolved by good faith negotiations among the parties pursuant to Section 8.5(a) within the prescribed time period shall be submitted to, and determined by, arbitration. Such arbitration shall proceed in accordance with the then-current rules for arbitration established by the American Arbitration Association ("AAA"), unless the parties hereto mutually agree otherwise, and pursuant to the following procedures:

(i) The parties shall attempt in good faith to select from the AAA panel one (1) arbitrator mutually acceptable to both parties sitting in the state of New York. If the parties fail to agree upon an arbitrator within fifteen (15) calendar days, an arbitrator shall be selected by AAA in pursuant to the procedures set forth in AAA Rules.

The parties agree that for disputes involving $1 million or more exclusive of claimed interest, arbitration fees and costs, the procedures for "large complex commercial disputes" of the AAA shall apply. In the event of a conflict, the provisions of this Agreement will control.

(ii) Reasonable discovery shall be allowed in arbitration.

(iii) All proceedings before the arbitrator shall be held in New York, New York. The governing law shall be that of California.

(iv) The award rendered by the arbitrator shall be final and binding, and judgment may be entered in accordance with applicable law and in any court having jurisdiction thereof.

(v) The award rendered by the arbitrator shall include (A) a provision that the prevailing party in such arbitration recover its costs relating to the arbitration and reasonable attorneys' fees from the other party, (B) the amount of such costs and fees, and (C) an order that the losing party pay the fees and expenses of the arbitrator.

(vi) The arbitrator shall by the agreement of the parties expressly be prohibited from awarding punitive damages in connection with any claim being resolved by arbitration hereunder.

(vii) All aspects of the arbitration shall be treated as confidential. Neither the parties nor the arbitrator may disclose to any third party the existence, content or results of the arbitration, except as necessary to enforce the award in court or to comply with legal or regulatory requirements.

8.6 Governing Law. This Agreement shall be construed in accordance with and all Disputes hereunder shall be governed by the laws of the State of California, excluding its conflict of law rules.

8.7 Notice. Any notice, demand, offer, request or other communication required or permitted to be given by either party pursuant to the terms of this Agreement shall be in writing and shall be deemed effectively given the earlier of (i) when received, (ii) when delivered personally, (iii) one (1) business day after being delivered by facsimile (with receipt of appropriate confirmation), (iv) one (1) business day after being deposited with an overnight courier service, or (v) four (4) days after being deposited in the U.S. mail, First Class with postage prepaid, and addressed to the attention of the party's Chief Executive Officer at the address of its principal executive office or such other address as a party may request by notifying the other party thereof in writing.

8.8 Counterparts. This Agreement, including other documents referred to herein, may be executed in counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement.

8.9 Binding Effect; Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal

representatives and successors,

and nothing in this Agreement, express or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Agreement. Except as herein specifically provided to the contrary, neither party may assign this Agreement or any rights or obligations hereunder, without the prior written consent of the other party, and any such assignment shall be void; provided, however, either party (or its permitted successive assignees or transferees hereunder) may assign or transfer this Agreement as a whole without consent to an entity that succeeds to all or substantially all of the business or assets of such party to which this Agreement relates.

8.10 Severability. The parties hereto have negotiated and prepared the terms of this Agreement in good faith with the intent that each and every one of the terms, covenants and conditions herein be binding upon and inure to the benefit of the respective parties. Accordingly, if any one or more of the terms, provisions, promises, covenants or conditions of this Agreement or the application thereof to any person or circumstance shall be adjudged to any extent illegal, invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then the parties agree to negotiate immediately in good faith to amend the Agreement to preserve to the maximum extent possible its original provisions. If the parties cannot agree on an amended agreement within 60 days after the court's ruling, this Agreement shall immediately terminate.

8.11 Waiver of Breach. In order to enforce a waiver of any of this Agreement's provisions, the enforcing party must have an express, written waiver from the other party. The waiver by either party hereto of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or another provision hereof.

8.12 Amendment and Execution. This Agreement and amendments hereto shall be in writing and executed in multiple copies via facsimile or otherwise on behalf of SeraCare and Life Sciences by their respective duly authorized officers and representatives. Each multiple copy shall be deemed an original, but all multiple copies together shall constitute one and the same instrument.

8.13 Authority. Each of the parties hereto represents to the other that (a) it has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it have been duly authorized by all necessary corporate or other actions, (c) it has duly and validly executed and delivered this

Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

8.14 Limitation of Liability.

(A) IN NO EVENT SHALL EITHER PARTY OR ITS SUBSIDIARIES BE LIABLE TO THE OTHER PARTY OR ITS SUBSIDIARIES FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING

NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(B) IN NO EVENT SHALL SERACARE OR ITS SUBSIDIARIES BE LIABLE TO LIFE SCIENCES OR ITS SUBSIDIARIES FOR ANY DIRECT, SPECIAL, CONSEQUENTIAL, INDIRECT, INCIDENTAL OR PUNITIVE DAMAGES OR LOST PROFITS, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) IN THE EVENT THAT THE PRODUCTS OR REFERRED DONOR PRODUCTS ARE MANUFACTURED FOR OTHER THAN DIAGNOSTIC PURPOSES, HUMAN CONSUMPTION OR INJECTION INTO HUMANS.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized on the day and year first above written.

SERACARE, INC.	SERACARE LIFE SCIENCES, INC.
By: /s/ Barry Plost	By: /s/ Jerry L. Burdick
Name: Barry Plost	Name: Jerry L. Burdick
Title: Chief Executive Officer	Title: Executive Vice President

[SIGNATURE PAGE TO SUPPLY AND SERVICES AGREEMENT]

LIST OF OMITTED EXHIBITS

The following Exhibits to the Supply and Services Agreement have been omitted

from this Exhibit and shall be furnished to the Commission upon request:

Exhibit	Document
D	Centers
E	Warrant Agreement

EXHIBIT A

Products

<TABLE>
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Product	Price
<S> Reactive Units	<C> *** per unit
Orphan Plasma	*** per liter
Male A/B Plasma	*** per liter
Antibody Positive Plasma	*** per liter
Antibody Negative Plasma	*** per liter

</TABLE>

<TABLE>
<CAPTION>

Referred Donor Services	Price
<S> Referred Donor Plasma	<C> *** per donor
Referred Donor Blood	*** per donor

</TABLE>

_____
*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

EXHIBIT B

***

_____
*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

EXHIBIT C

***

_____
*** Confidential information omitted and filed separately with the Securities and Exchange Commission.

Exhibit 99.1

SUBJECT TO COMPLETION - DATED AUGUST __, 2001

INFORMATION STATEMENT

[SERACARE, INC. LETTERHEAD]

_____ ___, 2001

To Our Stockholders:

We are pleased to report that the previously announced spin-off of SeraCare's wholly-owned subsidiary, SeraCare Life Sciences, Inc. (formerly The Western States Group, Inc.) ("Life Sciences"), into an independent, publicly-traded company, is expected to become effective on _____, 2001. As was announced in June 2001, the spin-off will be followed immediately by the acquisition of SeraCare by a wholly owned subsidiary of Instituto Grifols, S.A, in a cash-for-stock merger. The common stock of Life Sciences will be traded in the over-the-counter market on the OTC Bulletin Board after the spin-off takes place.

For every five shares of SeraCare common stock that you own as of the close of business on _____, 2001, you will receive two shares of Life Sciences common stock. No action is required on your part to receive your Life Sciences shares. You are not required to pay anything for the Life Sciences shares or to surrender your SeraCare share certificates, which will be surrendered in connection with the merger with a subsidiary of Instituto Grifols.

No fractional shares of Life Sciences common stock will be issued. If you would otherwise be entitled to a fractional share you will receive a check for the approximate cash value thereof.

The receipt of Life Sciences shares in connection with the spin-off and the receipt of the cash in connection with the merger will be taxable transactions for our stockholders.

The enclosed Information Statement describes the distribution of shares of Life Sciences common stock, including the tax consequences thereof, and contains important information about the business, management and financial performance of Life Sciences. If you have any questions regarding the spin-off, please contact our transfer agent, COMPUTERSHARE Investor Services at 12039 West Alameda Parkway, Suite Z2, Lakewood, Colorado 80228, or from our principal executive offices at 1935 Avenida del Oro, Suite F, Oceanside, California 92056, attention investor relations.

Very truly yours,

Barry D. Plost
Chairman

SUBJECT TO COMPLETION - DATED AUGUST __, 2001

Information Statement
SeraCare Life Sciences, Inc.

Distribution of approximately 5,433,468 shares of Common Stock

We are furnishing you with this Information Statement in connection with the distribution by SeraCare, Inc. ("SeraCare") of all of the outstanding common stock of SeraCare Life Sciences, Inc. ("Life Sciences") to stockholders of SeraCare.

For every five shares of SeraCare common stock that you own as of the close of business on _____, 2001, you will receive two shares of Life Sciences common stock. The actual number of our shares to be distributed will depend on the number of SeraCare shares outstanding on that date. No action is required on your part to receive your Life Sciences shares. You are not required to pay anything for the Life Sciences shares or to surrender your SeraCare share certificates in order to receive our common stock. There is no current trading market for the Life Sciences common stock. After the spin-off takes place, our common stock will be traded in the over-the-counter market on the OTC Bulletin Board.

No fractional shares of Life Sciences common stock will be issued. If you would otherwise be entitled to a fractional share you will receive a check for the approximate cash value thereof. The receipt of the cash in connection with the merger and the receipt of Life Sciences shares in connection with the spin-off will be taxable transactions for our shareholders.

Owning shares of our common stock will entail risks. Please read "Risk Factors" beginning on page 17.

No vote of shareholders is required in connection with the spin-off. We are not asking you for a proxy and you are requested not to send us a proxy.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

SeraCare stockholders who have questions regarding the distribution should contact SeraCare's transfer agent, COMPUTERSHARE Investor Services at 12039 West Alameda Parkway, Suite Z2, Lakewood, Colorado 80228 or from our principal executive offices at 1935 Avenida del Oro, Suite F, Oceanside, California 92056, attention investor relations.

The date of this Information Statement is August ___, 2001.

INFORMATION STATEMENT

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SUMMARY

This summary highlights material information from this Information Statement, but does not contain all the details concerning the spin-off, including information that may be important to you. To better understand us and the spin-off, you should carefully review this entire document. References to "we," "us," "our," "Life Sciences" or "the Company" mean SeraCare Life Sciences, Inc. References to "SeraCare" means SeraCare, Inc. and its other subsidiaries and divisions.

Who We Are

We are a manufacturer of plasma-based diagnostic products and distributor of therapeutic products based in Oceanside, California with distributors strategically located in Helsinki, Austria, Paris, Milan, Tel Aviv and Seoul. Our primary focus is on the sale of plasma-based therapeutic, cell-culture and diagnostic products to domestic and international customers. During fiscal year 2000, we established ourselves as a major supplier of plasma-based diagnostic products to several pharmaceutical and biotech companies and signed a distribution agreement with Proliant, the largest producer of bovine products in the world. During fiscal year 2001, we cultivated alternative diagnostic applications for traditionally therapeutic products as an alternative to animal-based mediums and established ourselves as a manufacturer of bulk plasma-based products and serums. During fiscal year 2001, we also continued to expand our product technology and began operating under a collaboration agreement with Quest Diagnostics to advance our goal of providing a full spectrum of antibody specific plasma products to manufacturers of diagnostic products throughout the world.

Our History

SeraCare Life Sciences, Inc. was incorporated under the laws of the State of California in 1984 and changed its name from The Western States Group, Inc. to SeraCare Life Sciences, Inc. in June 2001. In February 1998, SeraCare, Inc. acquired all of our outstanding stock in a strategic acquisition designed to expand sales and distribution opportunities internationally. At that time, we were a worldwide marketing organization for therapeutic blood plasma products, diagnostic test kits, specialty plasma and bulk plasma. During the initial twelve months after the acquisition, our primary product was excess blood plasma that was sold to various established customers internationally. Since that time, the ever-increasing shortage of bulk plasma has resulted in a transition of our business away from bulk plasma to manufacturing of plasma-based diagnostic products and distribution of therapeutic products.

Our Products

Currently, most of our products are made from source plasma. Plasma derived products can be divided into two groups, diagnostic or "non-injectable" into humans, and therapeutic or "injectable" into humans. Diagnostic products are used to diagnose specific patient conditions, including infectious disease and blood type, and therapeutic products are used for the treatment or prevention of disease conditions.

Source plasma is the base raw material used to manufacture many therapeutic products used for the treatment or prevention of disease conditions, the most important of which are:

- Normal Serum Albumin and Plasma Protein Fraction, which are primarily used to keep vessel walls from collapsing following major injury, as blood volume expanders and as a protein replacement.

- Immune Globulins, which are used to strengthen the immune system in order to fight off common diseases such as suppressed immune systems in cases of organ transplants, HIV and other immune deficiencies.

- Antihemophilic Factors, which are specific proteins found in plasma that are an integral part of the blood clotting mechanism. Persons born with an absence or a deficient amount of such proteins suffer from hemophilia, types A, B, or Von Willebrand's Disease.

- Rh Immune Globulin, which is a substance administered to prevent incompatibilities between the blood of a fetus and mother.

We provide our customers with a variety of diagnostic products which are used to diagnose specific patient conditions, including infectious disease and blood type. Some of our primary products include:

- Blood Grouping and Typing Reagents that are used by blood banks to match donor blood with the recipient.

- Laboratory Control Reagents that are used by laboratories to assure the quality control of their tests.

- Special Test Kit Reagents that are derived from the plasma of donors known to have a specific disease and are used in the laboratory as a positive control test.

Our cell culture products grow cells for recombinant protein, monoclonal antibodies, and research and laboratory use. Some examples of our cell-culture products include Male AB Serum; Mouse Serum; Fetal Calf Serum and Transferrin.

We also sell specialty plasma which can be used for diagnostic or therapeutic purposes. Generally, specialty plasma contains high concentrations of specific antibodies and is used primarily to manufacture immune globulin therapeutic products that bolster the immunity of patients to fight a particular infection or to treat certain immune system disorders.

Total revenues in fiscal year 2001 were $19.7 million, compared to $16.2 million and $13.1 million in 2000 and 1999, respectively. Our net income was $2.2 million, $0.9 million and $1.3 million in fiscal year 2001, 2000 and 1999, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Selected Financial Data" for more complete information.

Our Competitive Strengths

We believe we have a number of competitive strengths, including the following:

- The agreement with Instituto Grifols, S.A. under which Grifols supplies us with Human Serum Albumin which we then distribute to multinational biotech companies;

- Our world-wide distribution agreement with Proliant for the distribution of Bovine Serum Albumin to multinational diagnostic products manufacturers;

- Our establishment of a manufacturing operation in Oceanside, California for the custom manufacturing of human and animal products for either cell culture or diagnostic applications;

- The collaboration agreement with Quest Diagnostics, Inc. which is the cornerstone of a specialty plasma program for the collection and sale of antibody plasma, antibody serums and purified human antigens; and

- Established customer supply agreements.

Our Business and Growth Strategy

Our goal is to become the leading provider of diagnostic, cell culture and therapeutic plasma derived products. Our core strategies for achieving our goal and growth objectives are to:

- Focus on establishing ourselves as a primary manufacturer focused on quality;

- Focus on optimizing our positioning in the rapidly developing bioscience industry;

- Maximize our position with customers by offering a full spectrum of specialty products not available from our competitors;

- Pursue selected acquisitions and strategic alliances;

- Expand value-added services; and

. Enhance and strengthen customer and regulatory relationships.

Relationship with SeraCare

We are currently a wholly-owned subsidiary of SeraCare, Inc. On June 10, 2001, SeraCare entered into a merger agreement with Instituto Grifols, S.A., a subsidiary of Probitas Pharma, S.A and SI Merger Corp. (the "Merger Agreement"). Under the agreement, SeraCare will be merged with a wholly owned subsidiary of Instituto Grifols (the "Merger"). One of the conditions of the merger is that SeraCare spin off our company to its stockholders. As a result of the merger and spin-off, SeraCare will become an indirect subsidiary of Probitas Pharma, and Life Sciences will become an independent public company.

We have entered into agreements with SeraCare that provide for the separation of our business from the operations of SeraCare. In general, they provide for the transfer from SeraCare to us of assets comprising our business and the assumption by us from SeraCare of liabilities relating to our business. The agreements between SeraCare and us also govern our various interim and ongoing relationships.

QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

Distributing Company	SeraCare, Inc., a Delaware corporation.
Spun-Off Company	SeraCare Life Sciences, Inc., a California corporation.
Why are we being spun-off by SeraCare?	Representatives of Probitas Pharma, S.A. approached SeraCare this past January and asked SeraCare to consider a business combination, which after several months of negotiations resulted in a proposed merger whereby SeraCare will be merged with a wholly owned subsidiary of Instituto Grifols, immediately following the spin-off of Life Sciences. SeraCare's board, along with its financial advisor, VSI Advisors, L.L.C., carefully considered the proposed structure and reviewed in detail the terms of the proposed merger and spin-off. SeraCare's board concluded that the proposed structure provides value to stockholders, both currently, through the cash to be paid to them pursuant to the Merger Agreement, and over the long term, through their continued investment in Life Sciences.
What will I receive in the spin-off?	In the spin-off, you will receive two shares of Life Sciences common stock for every five shares of SeraCare common stock that you own on the record date for the spin-off. For example, if you own 500 shares of SeraCare common stock, you will receive 200 shares of our common stock. Your SeraCare stock will be acquired by Instituto Grifols in a cash-for-stock merger immediately following the spin-off. . Holders of options or warrants to purchase SeraCare common stock who hold their options or warrants on the record day for the spin-off will receive options or warrants to purchase two shares of common stock of Life Sciences for every five shares of common stock underling the SeraCare options or warrants held. The SeraCare Life Sciences option or warrant will have an exercise price equal to 2.5 times the product of

	(i) the exercise price of the SeraCare option or warrant and (ii) .079.

Will I receive fractional shares?	No, fractional shares of our common stock will not be distributed. If you would otherwise be entitled to a fractional share you will receive a check for the approximate cash value thereof. Fractional shares will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed ratably to those stockholders who would otherwise have received fractional interests.
Will the spin-off occur if the merger does not?	No.
What do I have to do to participate in the spin-off?	Nothing. No stockholder vote or other action on the part of SeraCare stockholders is required for the spin-off.
How will SeraCare distribute Life Sciences' common stock to me?	Prior to the spin-off, SeraCare will deliver all outstanding shares of Life Sciences common stock to the distribution agent for distribution. As promptly as practicable after the spin-off, the distribution agent will mail certificates for shares of Life Sciences common stock to SeraCare stock-holders of record on the spin-off record date.
What is the record date?	The record date is the close of business on _____ ___, 2001.
When will the spin-off occur?	The distribution date is _____ ____, 2001.
What is Life Sciences' dividend policy?	We currently anticipate that no cash dividends will be paid on Life Sciences common stock in the foreseeable future in order to conserve cash for use in our business. The payment of dividends by us after the distribution will be subject to the discretion of our board of directors.
Who will be the distribution agent, transfer agent and registrar for the Life Sciences' shares?	American Stock Transfer and Trust, 6201 15th Avenue, Brooklyn, New York 11219.
How will Life Sciences common stock trade?	There is not currently a public market for our common stock, although a limited trading market, known as a "when issued" trading market, may develop on or shortly before the record date for the distribution. We are applying for our common stock to be traded in the over-the-counter market on the OTC Bulletin Board under the symbol "____."

What is the OTC bulletin board?	The OTC bulletin board is a quotation service that displays quotes, last-sale prices and volume information for over-the-counter (OTC) equity securities. An OTC security is generally any equity security that is not listed or traded on Nasdaq or a national securities exchange such as the New York Stock Exchange or the American Stock Exchange. The OTC Bulletin Board is only a quotation medium, not an issuer listing service, and should not be confused with the Nasdaq Stock Market. Market makers

	for OTC Bulletin Board Securities generally are required only to match up willing buyers and sellers, and are not required to purchase from willing sellers or sell directly to willing buyers. The OTC market is less liquid than trading markets for securities listed on Nasdaq or a national securities exchange and therefore there may be a substantial delay in execution of trades.
Is the spin-off taxable for United States federal income tax purposes?	Yes. We expect that each stockholder will recognize capital gain or loss, equal, in each case, to the difference between (a) the fair market value of the shares of Life Sciences received in the spin-off, plus the cash received in connection with any fractional share payment, plus the cash proceeds received pursuant to the merger and (b) the stockholder's adjusted tax basis in the SeraCare common stock surrendered in exchange therefor. However, if the receipt of Life Sciences' common stock is treated by the Internal Revenue Service as a separate transaction for tax purposes, the spin-off would be deemed to be a distribution taxable as a dividend to the extent of our current or accumulated earnings and profits. Because the tax consequences of the spin-off and the merger are complex and may vary depending on your particular circumstances, we recommend that you consult your tax advisor concerning the federal (and any state or local) tax consequences to you of the spin-off and the merger.

Will we be related to SeraCare in any way after the spin-off?	SeraCare will not own any of our common stock after the spin-off and, immediately following the spin-off, SeraCare will become a wholly-owned subsidiary of Instituto Grifols through the pending cash-for-stock merger. The following agreements between SeraCare and Life Sciences will become effective on the distribution date: A Master Separation and Distribution Agreement which provides for the various corporate transactions required to separate our business from other business of SeraCare and governs various relationships and circumstances that may arise between us after the spin-off. A General Assignment and Assumption Agreement which identifies the assets and liabilities relating to our business that SeraCare will transfer to us and which we will accept from SeraCare as part of the separation. This agreement also describes how and when the transfer will occur. An Employee Matters Agreement which allocates liabilities and responsibilities relating to the employees who will remain or become our employees effective as of the separation date and their participation in the benefit plans, including stock plans, pension plans, benefits plans of us and SeraCare. A Tax Sharing Agreement which allocates responsibilities and liabilities for tax matters between SeraCare and us. A Supply and Services Agreement which

	governs the terms pursuant to which SeraCare will provide us certain blood products and plasmapheresis services for certain referred donors. In connection with this Agreement, we will grant to Instituto Grifols or its affiliate a warrant to purchase 10% of our outstanding common stock at an exercise price equal to the average twenty day closing price of our common stock following the spin-off. A Trademark License Agreement pursuant to which we will license the servicemark "SeraCare" from SeraCare perpetually on a royalty-free basis. An Amendment to the Albumin Supply Agreement which currently is an agreement between SeraCare and Grifols, pursuant to which Grifols supplies SeraCare with Human

	Serum Albumin, assigning the current agreement from SeraCare to us and extending the term until March 31, 2006.
Are there any risks entailed in owning our stock?	Yes. Shareholders should consider carefully the matters discussed in the section of this Information Statement called "Risk Factors."
Where will the principal executive offices of Life Sciences be?	1935 Avenida del Oro, Suite F, Oceanside, California 92056.
How can I find out more information about the merger?	A separate Proxy Statement has been mailed to SeraCare's stockholders of record on _____, 2001 which contains detailed information about the merger. For a copy of the Proxy Statement, please contact our investor relations department at our principal executive offices at 1935 Avenida del Oro, Suite F, Oceanside, California 92056.

SUMMARY FINANCIAL AND OPERATING DATA

The table below presents selected financial data of the Company as of and for the five years ended February 28 (29), 2001, 2000, 1999, 1998 and 1997. The data for years 2001 through 1999 have been derived from the historical audited financial statements of the Company. The data for the fiscal years ended February 28, 1998 and May 31, 1997 are unaudited and were derived from internal statements of the Company that are not included elsewhere in this information statement. The historical results are not necessarily indicative of results to be expected for any future period.

<TABLE>
<CAPTION>

	For the 3 Months ended May 31, 2001	For the 3 Months ended May 31, 2000	For the Years ended February 28(29) 2001	2000	1999	1998	1997(2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:						(Unaudited)	(Unaudited)
Total Revenue	$ 3,152,651	$ 3,834,336	$19,663,336	$16,219,056	$13,110,819	$11,545,746	$7,952,960
Cost of sales	1,821,765	2,707,348	13,197,646	12,057,761	9,448,220	8,906,553	5,953,978
Gross profit	1,330,886	1,126,988	6,465,690	4,161,295	3,662,599	2,639,193	1,998,982
General and administrative expenses	686,857	574,780	2,759,445	2,694,271	1,551,681	1,323,169	1,941,458
Operating income	644,029	552,208	3,706,245	1,467,024	2,110,918	1,316,024	57,524
Other income, net	-	9,940	11,488	7,597	12,344	52,899	53,877
Net income before taxes	644,029	562,148	3,717,733	1,474,621	2,123,262	1,368,923	111,401

Income taxes (1)	264,052	230,481	1,524,271	604,595	870,537	561,258	44,000
Net Income	$ 379,977	$ 331,667	$ 2,193,462	$ 870,026	$ 1,252,725	$ 807,665	$ 67,401
EARNINGS PER SHARE:							
Basic	$ 379.98	$ 331.67	$ 2,193.46	$ 870.03	$ 1,252.73	$ 807.67	$ 67.40
Diluted	$ 379.98	$ 331.67	$ 2,193.46	$ 870.03	$ 1,252.73	$ 807.67	$ 67.40
WEIGHTED AVERAGE SHARES OUTSTANDING:							
Basic	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Diluted	1,000	1,000	1,000	1,000	1,000	1,000	1,000

<CAPTION>

	As of February 28(29)						
	May 31, 2001	May 31, 2000	2001	2000	1999	1998	1997(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
SELECTED BALANCE SHEET DATA:							
Working capital	$13,689,784	$ 7,732,295	$12,626,907	$ 6,183,839	$ 5,472,195	$ 1,632,055	$ 912,164
Total assets	19,910,836	14,243,048	$20,562,479	$15,046,987	$ 9,872,904	$ 6,609,409	$2,555,851
Advances from parent(3)	11,146,204	5,182,669	$10,499,140	$ 6,237,306	$ 5,598,380	$ 2,612,339	$ -
Shareholder's equity	6,722,302	6,817,529	$ 6,342,325	$ 4,148,863	$ 3,321,302	$ 2,026,112	$ 929,776

</TABLE>

(1) The Company filed its taxes as part of the consolidated return of the parent. For purposes of this presentation, income taxes for all years presented except 1997 have been calculated at 41% in order to reflect a permanent difference relating to goodwill and appropriate statutory rates. The year 1997 has been presented as actually incurred.

(2) Data for the fiscal year 1997 reflects the twelve months ended May 31, 1997 which was the fiscal year of the company before its acquisition by SeraCare. These results are not comparable to the other periods presented. The three months ended May 31, 1997 are also included in the twelve months ended February 28, 1998.

(3) As of the date of the spin-off, the net intercompany amount due from Life Sciences to SeraCare will be deemed additional investment in Life Sciences by SeraCare and will be recorded as an additional investment in the Company. Accordingly, if the spin-off had taken place as of May 31, 2001, Advances from parent would be zero and additional paid-in capital of Life Sciences would have been increased by $11,146,204.

THE SPIN OFF

Spin-Off Overview

Effective the day prior to the merger of SeraCare with a subsidiary of Instituto Grifols, SeraCare will spin-off our company, Life Sciences, to its existing stockholders in a distribution. Stockholders of SeraCare will receive two shares of Life Sciences common stock for every five shares of SeraCare common stock that they own. Warrant and option holders of SeraCare will also participate in the distribution. Holders of options or warrants to purchase SeraCare common stock who hold their options or warrants on the day prior to the spin-off will receive options or warrants to purchase two shares of common stock of Life Sciences for every five shares of common stock underling the SeraCare options or warrants held. The SeraCare Life Sciences option or warrant will have an exercise price equal to 2.5 times the product of (i) the exercise price of the SeraCare option or warrant and (ii) .079. Following the merger and the spin-off, Life Sciences will be an independent public company owned by SeraCare's stockholders, and SeraCare will be a wholly owned subsidiary of Instituto Grifols. The shares of Life Sciences will initially be traded on the OTC Bulletin Board.

Reasons For The Spin-Off

Representatives of Probitas Pharma approached SeraCare this past January and asked it to consider a business combination, which after several months of negotiations resulted in the proposed merger and spin-off described herein and in the Proxy Statement previously delivered to stockholders of SeraCare.

SeraCare's board, along with its financial advisor, VSI Advisors, L.L.C., carefully considered the proposed structure and reviewed in detail the terms of the proposed merger and spin-off. SeraCare's board concluded that the proposed structure provides value to stockholders, both currently, through the cash to be paid to them pursuant to the Merger Agreement, and over the long term, through their continued investment in Life Sciences.

In reaching its determination to approve the merger and the spin-off and that the merger and the spin-off is fair to, and in the best interests of, SeraCare and its stockholders, SeraCare's board of directors consulted extensively with its executive officers and VSI Advisors and considered, among other things, the following factors:

- the financial condition, results of operations, and prospects of our life sciences business, both before and after giving effect to the merger and the spin-off;

- the transaction allows SeraCare's stockholders to receive a significant amount of cash in exchange for its plasma collection operations, while retaining their interests in the life sciences business;

- the extension of SeraCare's existing albumin supply agreement with Instituto Grifols to 2006, and the ability to assign that supply agreement to Life Sciences in the spin-off; and

- the continued access to SeraCare's plasma center donor base and collection facilities by Life Sciences.

Following the merger and the spin-off, Life Sciences will be an independent public company owned by SeraCare's stockholders, and SeraCare will be a wholly-owned subsidiary of Instituto Grifols. As a separate company, we will be better able to focus on our own strategic priorities. We believe that the spin-off will enable our business to expand and grow more quickly and efficiently in the following ways:

- Our business has different fundamentals, growth characteristics and strategic priorities than SeraCare's business. We believe that the separation of our business from that of SeraCare will enable us to focus on our own strategic priorities, which should increase our ability to capitalize on growth opportunities for our business;

- As a smaller, more focused company we will have a better ability to respond quickly to changes in the rapidly changing markets that we serve;

- We expect to have a board that includes bioscience professionals dedicated to the specific needs of our company which will enhance our ability to identify opportunities; and

- We will be able to concentrate our efforts and expand our business by accelerating new higher-margin product introductions through increased research and development investment, further develop our manufacturing capabilities and by pursuing selected acquisitions.

Manner Of Effecting The Spin-Off

SeraCare will effect the spin-off by distributing all issued and outstanding shares of our common stock to holders of record of SeraCare common stock as of the close of business on _____, 2001. The spin-off will be made on the basis of two (2) shares of our common stock for every five (5) shares of SeraCare common stock held. As further discussed below, fractional shares will not be distributed.

Fractional shares of our common stock will not be issued to SeraCare's stockholders as part of the distribution. In lieu of receiving fractional shares, each holder of SeraCare common stock who would otherwise be entitled to receive a fractional share of our common stock will receive cash for the fractional interest. For an explanation of the tax consequences of the distribution, please see "--Federal Income Tax Consequences of the Distribution." The distribution agent will, as soon as practicable after the distribution date, aggregate fractional shares into whole shares and sell them in the open market at the prevailing market prices and distribute the aggregate proceeds, net of brokerage fees, ratably to SeraCare stockholders otherwise entitled to fractional interests. The amount of such payment will depend on the prices at which the aggregated fractional shares are sold by the distribution agent in the open market shortly after the distribution date.

Prior to the spin-off, SeraCare will deliver all outstanding shares of Life Sciences common stock to the distribution agent for distribution. As promptly as practicable after the spin-off, the distribution agent will mail certificates for whole shares of Life Sciences common stock to SeraCare stockholders of record on _____, 2001.

No owner of SeraCare common stock will be required to pay any cash or other consideration for shares of Life Sciences common stock received in the spin-off or to surrender or exchange any shares of SeraCare common stock to receive shares of Life Sciences common stock. The actual total number of shares of Life Sciences common stock to be distributed will depend on the number of shares of SeraCare common stock outstanding on _____, 2001.

No consideration will be paid by stockholders of SeraCare for the shares of our common stock to be received by them in the spin-off. SeraCare stockholders will not be required to surrender or exchange shares of SeraCare common stock or take any other action in order to receive our common stock.

Treatment Of Stock Options And Warrants

Holders of options or warrants to purchase SeraCare common stock who hold their options or warrants on the record day for the spin-off will receive options or warrants to purchase two shares of common stock of Life Sciences for every five shares of common stock underling the SeraCare options or warrants held. The SeraCare Life Sciences option or warrant will have an exercise price equal to 2.5 times the product of (i) the exercise price of the SeraCare option or warrant and (ii) .079.

At or immediately prior to the effective date of the merger, any outstanding stock options and warrants to purchase common stock of SeraCare whether or not vested or exercisable, will be cancelled in exchange for a cash payment at the closing of the merger. The cash payment to be made at the closing of the merger will be an amount equal to the spread between the price per share paid to stockholders in the merger and the exercise price of the options and warrants (as adjusted in connection with the spin-off), multiplied by the number of options and warrants cancelled.

The warrant to purchase 1,748,605 shares of SeraCare common stock held by Quest Diagnostics Incorporated will be treated in the same manner as all other SeraCare warrants outstanding immediately prior to the closing of the merger, with the exception that the cash payment to be made at the closing of the merger with respect to the warrant will be deposited by Instituto Grifols into an escrow account. The escrowed funds will be released to Quest Diagnostics Incorporated in four equal annual installments, subject to certain conditions. This warrant was originally issued to Quest Diagnostics, Inc. as part of a collaboration agreement to sell specialty plasma products. This agreement will be assumed by Life Sciences as part of the spin-off.

Results Of The Spin-Off

After the spin-off, we will be a separate, independent public company. Our management, fundamentals, growth characteristics and strategic priorities will be different from those of SeraCare. SeraCare will have no direct interest in Life Sciences after the spin-off. See "Arrangements with SeraCare Relating to the Spin-Off" at page 40.

The identity of our stockholders immediately after the spin-off will be the same as the identity of SeraCare's stockholders at the close of business on _____, 2001. Immediately after the spin-off, we expect to have approximately _____ holders of record of our common stock and approximately 5,433,468 shares of our common stock outstanding, based on the number of record stockholders and issued and outstanding shares of SeraCare common stock as of the close of business on _____, 2001, on the distribution ratio of two (2) shares of our common stock for every five (5) shares of SeraCare

common stock owned by SeraCare stockholders at that time, and after giving effect to the delivery to stockholders of cash in lieu of fractional shares of our common stock.

The shares of Life Sciences common stock will:

- be fully paid and nonassessable;
- have one vote per share, with no right to cumulate votes except for the election of directors; and
- carry no preemptive rights.

The Life Sciences common stock and the SeraCare common stock, however, will be different securities and will not trade or be valued alike. See

"Description of Our Capital Stock."

Our common stock will be traded in the over-the-counter market on the OTC Bulletin Board under the symbol "____."

The spin-off will not, in and of itself, affect the number of outstanding shares of SeraCare common stock or the rights associated with these shares.

Material Federal Income Tax Consequences Of The Spin-Off

The following discussion summarizes the material United States federal income tax consequences of the distribution to SeraCare stockholders of Life Sciences common stock in the spin-off one day prior to, and in connection with, the exchange of shares of SeraCare common stock for cash in the merger. We will refer to the spin-off and merger, collectively, as the "transaction." This discussion is based on currently operative provisions of the Internal Revenue Code of 1986, Treasury regulations under the Code and administrative rulings and court decisions, all of which are subject to change. Any such change, which may or may not be retroactive, could alter the tax consequences to SeraCare, Life Sciences or the SeraCare stockholders as described herein.

SeraCare stockholders should be aware that this discussion does not address all federal income tax considerations that may be relevant to particular stockholders of SeraCare in light of their particular circumstances, such as stockholders who are banks, insurance companies, pension funds, tax-exempt organizations, dealers in securities or foreign currencies, stockholders who are not United States persons, as defined in the Code, stockholders who acquired their shares in connection with stock option or stock purchase plans or in other compensatory transactions, stockholders who hold SeraCare common stock as part of an integrated investment (including a "straddle") comprised of shares of SeraCare common stock and one or more other positions, or stockholders who have previously entered into a constructive sale of SeraCare common stock, or a transaction involving the options or warrants to purchase shares of common stock of SeraCare or of Life Sciences. In addition, the following discussion does not address the tax consequences of the transaction under foreign, state or local tax laws or the tax consequences of transactions effectuated prior or subsequent to or concurrently with the transaction (whether or not such transactions are in connection with the transaction), including, without limitation, transactions in which SeraCare common stock is acquired or Life Sciences common stock is disposed of.

ACCORDINGLY, SERACARE STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE SPECIFIC TAX CONSEQUENCES, INCLUDING THE APPLICABLE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES, TO THEM OF THE TRANSACTION IN THEIR PARTICULAR CIRCUMSTANCES.

For United States federal income tax purposes, the transaction is intended to constitute a single integrated transaction with respect to SeraCare and its stockholders in which the spin-off will be treated as a distribution in complete redemption of outstanding common stock of SeraCare in connection with the complete termination of the SeraCare stockholders' interest in SeraCare as a result of the merger. Although SeraCare believes that the foregoing description correctly characterizes the transaction for United States federal income tax purposes and, therefore, that the spin-off should qualify as an exchange under Section 302(b) of the Code with the consequences set forth below, either because the integrated combination of the spin-off and the merger results in a complete termination of the SeraCare stockholders' interests in SeraCare, or because the spin-off, in conjunction with the merger, is not essentially equivalent to a dividend, there is no specific authority on this point and the issue is not free from doubt.

Assuming the spin-off in conjunction with the merger qualifies as an exchange within the meaning of Section 302(b) of the Code and that the shares of SeraCare common stock surrendered in the transaction were held as capital assets, then, subject to the assumptions, limitations and qualifications referred to in this section, the transaction would result in the following federal income tax consequences:

Each holder of SeraCare common stock will generally recognize gain, if any, equal to the difference between (a) the fair market value of the shares of Life Sciences received in the spin-off, plus the cash received in connection with any fractional share payment, plus the cash proceeds received pursuant to the merger and (b) the stockholder's adjusted tax basis in the SeraCare common stock surrendered in exchange therefor. Such gain generally should be capital gain, and generally should be long-term capital gain if the SeraCare common stock exchanged in the transaction has been held for more than one year. In the event that a holder's adjusted basis in the SeraCare common stock exceeds the sum of the fair market value of the Life Sciences stock and the amount of cash received by the holder in the transaction, and absent some special limitation on loss recognition, the holder will recognize a loss. Such loss generally should

be capital loss, and generally should be long-term capital loss if the SeraCare common stock exchanged in the transaction has been held for more than one year. One reasonable method of determining the fair market value of the Life Sciences common stock received by SeraCare stockholders would be to use the fair market value of Life Sciences as determined by the independent valuation firm designated by SeraCare in connection with the calculation of the formula provided in the Merger Agreement to determine the exercise price of the Life Sciences options and warrants. For purposes of reporting the distribution of the Life Sciences common stock to the SeraCare stockholders, SeraCare intends to use such appraisal value. You should consult with your own tax advisor with respect to your particular circumstances concerning taking a tax return position consistent with such reporting.

The tax basis of the Life Sciences common stock received by SeraCare stockholders in the spin-off will be equal to the fair market value of such stock on the date of the spin-off. The holding period of the Life Sciences common stock received in the spin-off will commence on the day after the spin-off.

Receipt of an opinion of counsel with respect to tax matters is not a condition to the obligations of the parties to consummate the merger. In addition, no ruling has been or will be obtained from the Internal Revenue Service in connection with the transaction, and the Internal Revenue Service could challenge the status of the transaction as a single integrated transaction for United States federal income tax purposes.

Such a challenge, if successful, could result in SeraCare stockholders being treated as receiving a "dividend" distribution of the Life Sciences common stock received in the spin-off and as selling, in a separate transaction, their SeraCare common stock to Instituto Grifols immediately after the spin-off. Under this result, the amount treated as distributed in the spin-off would be equal to the fair market value on the date of the spin-off of the Life Sciences common stock received in the spin-off and generally

(1) would be treated as a dividend taxable as ordinary income to the SeraCare stockholders to the extent of SeraCare's current or accumulated earnings and profits (including any earnings resulting from the spin-off), (2) to the extent such amount exceeded SeraCare's earnings and profits, it would be applied to reduce, but not below zero, each SeraCare stockholder's adjusted basis in such stockholder's SeraCare stock, and (3) to the extent the amount treated as received by such stockholder in the spin-off exceeded the amount described in (1) and (2), would be taxable as capital gain to each SeraCare stockholder. Also under this result, SeraCare stockholders would have a basis in the Life Sciences common stock distributed to them equal to its fair market value on the date of the spin-off, and the holding period of such stock would commence on the day after the spin-off. Finally, under this result, SeraCare stockholders generally would recognize gain on the sale of their SeraCare common stock to Instituto Grifols in the merger in an amount equal to the excess, if any, of the amount of cash received from Instituto Grifols in the merger over their adjusted basis in the SeraCare common stock immediately prior to the merger, taking into account the effect of the spin-off of Life Sciences common stock on such adjusted basis as described above. Such gain generally would be capital gain and generally would be long-term capital gain if the SeraCare common stock exchanged in the merger had been held for more than one year. In the event that a holder's adjusted basis in the SeraCare common stock, taking into account the effect of the spin-off of Life Sciences common stock on such adjusted basis as described above, exceeded the amount of cash received from Instituto Grifols in the merger, the holder would recognize a loss. Such loss generally would be a capital loss and generally would be a long-term capital loss if the SeraCare common stock exchanged in the merger had been held for more than one year.

You may be subject to "backup withholding" on payments (including the distribution of Life Sciences common stock) received in connection with the merger unless you (1) provide to the exchange agent a correct taxpayer identification number (which, if you are an individual, is your social security number) and any other required information, or (2) are a corporation or otherwise qualify under certain exempt categories and, when required, demonstrate this fact, all in accordance with the requirements of the backup withholding rules. The Economic Growth and Tax Relief Reconciliation Act of 2001, signed into law on June 7, 2001, will reduce the backup withholding tax rate from 31% to 30.5% for payments made after August 6, 2001 and before January 1, 2002. If you do not provide a correct taxpayer identification number, you may be subject to penalties imposed by the Internal Revenue Service. Any amount paid as backup withholding does not constitute an additional tax and will be creditable against your United States federal income tax liability. You should consult with your own tax advisor as to your qualification for exemption from backup withholding and the procedure for obtaining such exemption. You may prevent backup withholding by completing a W-9 or substitute W-9 and submitting it to the exchange agent when you submit your stock certificate(s) following the effective time of the merger.

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTION TO SERACARE STOCKHOLDERS. SERACARE STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE TRANSACTION, INCLUDING TAX RETURN REPORTING REQUIREMENTS, THE APPLICABLE TAX LAWS AND THE EFFECT OF ANY PROPOSED CHANGES IN THE TAX LAWS.

Listing And Trading Of Our Common Stock

There is not currently a public market for our common stock, although a limited trading market, known as a "when issued" trading market, may develop on or shortly before the record date for the distribution. We are applying for our common stock to be traded in the over-the-counter market on the OTC Bulletin Board under the symbol "____."

Beginning on the first trading day after the date of the spin-off, we expect that Life Sciences common stock will trade in the "regular way", and SeraCare common stock will cease to trade, as the outstanding shares will have been merged into a subsidiary of Instituto Grifols, S.A.

Until our common stock is fully distributed and an orderly market develops, the prices at which trading in our common stock occurs may fluctuate significantly and may be lower or higher than the price that would be expected for a fully-distributed issue. The prices at which our common stock will trade following the spin-off will be determined by the marketplace and may be influenced by many factors, including:

- the depth and liquidity of the market for our common stock;
- investor perceptions of us, our business and the industries in which we operate;
- our dividend policy;
- our financial results; and
- general economic and market conditions.

All of the shares of our common stock that are distributed in the spin-off will be eligible for immediate resale, except for shares held by our affiliates (see below). In transactions similar to the spin-off, it is not unusual for a significant redistribution of shares to occur during the first few weeks or even months following completion of the transaction because of the differing objectives and strategies of investors who acquire shares of our common stock in the transaction. We are not able to predict whether substantial amounts of our common stock will be sold in the open market following the spin-off or what effect these sales may have on prices at which our common stock may trade. Sales of substantial amounts of our common stock in the public market during this period, and the perception that any redistribution has not been completed could materially adversely affect the market price of our common stock.

Generally, the shares of our common stock that are distributed in the spin-off will be freely transferable, except for securities received by persons deemed to be our "affiliates" under Rule 144 of the Securities Act of 1933, as amended ("Securities Act"). Persons who may be deemed to be our affiliates after the spin-off generally include individuals or entities that control, are controlled by, or are in common control with us, including our directors. Persons who are our affiliates will be permitted to sell shares of our common stock they receive in the spin-off only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, such as in accordance with the requirements of Rule 144 under the Securities Act.

RISK FACTORS

You should carefully consider all the information we have included in this Information Statement. In particular, you should carefully consider the risk factors described below. In addition, please read "Cautionary Statement as to Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" where we describe additional uncertainties associated with our business and certain forward-looking statements included in this Information Statement.

We May Need Additional Capital

In order to implement our growth strategy and remain competitive, we must make investments in research and development to develop new and enhanced

products and continuously upgrade our process technology and manufacturing capabilities. In order to do this, we will need to obtain additional capital. Although we believe that anticipated cash flows from operations will be sufficient to satisfy our working capital and normal operating requirements, we cannot fund our planned research and development, capital investment programs and possible acquisitions without additional capital. We will no longer be able to rely on SeraCare as an additional source of capital. Capital may include debt and equity financings or bank borrowings (subject to contractual restrictions which may be imposed by our creditors and investors on our ability to issue debt or equity securities).

Our ability to raise additional capital will depend on a variety of factors, some of which will not be within our control, including investor perceptions of us, our business and the industries in which we operate, and general economic and market conditions. We cannot assure you that we will be able to enter into a credit facility or obtain additional capital on acceptable terms. If we borrow money we may become subject to restrictive covenants. We may be unable to successfully raise needed capital and the amount of net proceeds that will be available to us may not be sufficient to meet our needs. If we raise money through the issuance of equity securities, your stock ownership will be diluted. Failure to successfully raise needed capital on a timely or cost-effective basis could have a material adverse effect on our business, results of operations and financial condition.

The Company has been advised that as of the date of the spin-off, the net intercompany amount due from Life Sciences to SeraCare will be deemed additional investment in Life Sciences by SeraCare and will be recorded as an additional investment in the Company. Accordingly, if the spin-off had taken place as of May 31, 2001, Advances from parent would be zero and additional paid-in capital of Life Sciences would have been increased by $11,146,204. If the Company is required to pay such intercompany amounts, it would have a material adverse effect upon its ability to meet its ongoing obligations.

We Have Limited Manufacturing Capability And Experience

In March 2000 we constructed a manufacturing facility in Oceanside, California. This facility is designed to manufacture serums. However, prior to this time we had not previously owned or operated such a facility and had no experience in commercial, large-scale manufacturing of serums. In addition, there can be no assurance that we will have a sufficient supply of plasma in order to manufacture our products so that the facility can be operated efficiently and profitably.

We Are Dependent On Strategic Alliances

We are pursuing strategic alliances with third parties such as Quest Diagnostics for the development of certain of our products. No assurance can be given that we will be successful in these efforts or, if successful, that the collaborators will conduct their activities in a timely manner or that the collaboration itself will be successful. If we are not successful in our efforts, we may not be able to continue to develop our products under development. Even if we are successful, if any of our collaborative partners violate or terminate their agreements with us or otherwise fail to conduct their collaborative activities in a timely manner, the development or commercialization of products could be delayed, and we might be required to devote significant additional resources to product development and commercialization or terminate certain development programs. In addition, there can be no assurance that disputes will not arise in the future with respect to the ownership of rights to any intellectual property

developed with third parties. These and other possible disagreements between collaborators and us could lead to delays in the collaborative research, development or commercialization of certain products or could require or result in litigation or arbitration, which would be time-consuming and expensive and could have a material adverse effect on our future business, financial condition and results of operations.

The Value of Our Specialty Plasma Inventory is Dependent Upon the Success of the Quest Collaboration Agreement

About 65% our current inventory is specialty plasma, which includes reactive plasma, specific antibody negative plasma and specific antibody positive plasma. Sales of these products are made either in conjunction with the Quest Collaboration Agreement or customers introduced by Quest. If our collaboration with Quest were to fail, then the value of our specialty plasma inventory would be substantially reduced which would have a material adverse effect on our future business, financial condition and results of operations.

Following the Spin-Off, We Will No Longer Have a Guaranteed Source of Plasma

As a subsidiary of SeraCare prior to the spin-off, we have had a

guaranteed source of plasma, the raw material for our products, from SeraCare and its 42 plasma collection centers. Following the spin-off, we will have a contract with SeraCare (as controlled by Instituto Grifols) to provide us with plasma products and plasmapheresis services, however, there are no minimum quantities set forth in the agreement and therefore we do not have a guaranteed source of plasma for manufacturing our products. If we are unable to obtain an adequate supply of plasma, our business will suffer.

We Have Significant Amounts Of Options and Warrants Outstanding

As of the spin-off, we are expected to have outstanding warrants and options to purchase an aggregate of _____ shares of our common stock. In addition, in connection with the spin-off, we will issue Instituto Grifols a warrant to purchase ten percent of our outstanding shares.

Certain of these equity securities are also subject to anti-dilution and other adjustments, which would require us to adjust the number of shares of stock that would be issuable upon the exercise or conversion of such equity securities if such adjustment provisions were triggered. Triggering events include the issuance of equity below certain prices.

Since There Has Been No Prior Market For Our Common Stock It Is Impossible To Predict The Prices At Which Our Common Stock Will Trade In The Open Market

There has been no prior trading market for our common stock, and we cannot predict the prices at which trading in our common stock will occur after the spin-off. The trading prices for our common stock could fluctuate significantly.

The Company's Stock Price Is Expected To Be Volatile

The market price of our common stock is expected to be volatile. We believe that future announcements concerning us, our competitors, governmental regulations, litigation or unexpected losses, or the failure to meet or exceed analysts projections of financial performance, may cause the market price of our common stock to fluctuate substantially in the future. Sales of substantial amounts of our outstanding common stock in the public market could also materially adversely affect the market price of our common stock. These fluctuations, as well as general economic, political and market conditions, may materially adversely affect the market price of our common stock.

Investment In Our Common Stock May Be Relatively Illiquid

The trading volume in SeraCare's common stock has historically been relatively low and the trading volume of our common stock is expected to be even lower. Accordingly, investments in our common stock may be relatively illiquid, and investors in our common stock must be prepared to bear the economic risks of such investment for an indefinite period of time.

Penny Stock Restrictions Will Adversely Affect The Market For Our Securities

We are making an application to have our securities traded in the over-the-counter market on the OTC Bulletin Board after the effectiveness of the Registration Statement of which this Information Statement that we are filing with the Securities and Exchange Commission is a part. An investor will find it more difficult to purchase, dispose of, and to obtain accurate quotations as to the value of, our securities, than for securities traded on more established markets.

Our common stock will also be subject to the requirements of Rule 15g-9 under the Securities Exchange Act of 1934. Under that rule, broker/dealers who recommend low-priced securities to persons other than established customers and accredited investors must satisfy special sales practice requirements, including:

- a requirement that they make an individualized written suitability determination for the purchaser; and

- receive the purchaser's written consent prior to the transaction.

The Securities Enforcement Remedies and Penny Stock Reform Act of 1990 also requires additional disclosure in connection with any trades involving a stock defined as a penny stock (generally, any equity security not traded on an exchange or quoted on Nasdaq SmallCap that has a market price of less than $5.00 per share), including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated with that market. Such requirements could severely limit the market liquidity of our securities and the ability of purchasers in this offering to sell their securities in the secondary market.

Having No Recent Operating History As An Independent Company Makes It Difficult To Predict Our Profitability As A Stand-Alone Company

We do not have a recent operating history as an independent company. Our business has relied on SeraCare for various financial, managerial and administrative services and has been able to benefit from the earnings, financial resources, assets and cash flows of SeraCare's other businesses. After the spin-off, SeraCare will only be obligated to provide us with the assistance and services set forth in the Separation Agreement and related documents. See "Arrangements with SeraCare Relating to the Spin-Off."

Following the spin-off, we will incur costs and expenses associated with the management of a public company that we expect will be greater than the amount reflected in our historical financial statements. While we have been profitable as part of SeraCare, there can be no assurance that, as a stand-alone company, our future profits will be comparable to historical operating results before the spin-off.

We also will need to dedicate significant managerial and other resources at the corporate level to establish the infrastructure and systems necessary for us to operate as an independent public company. While we believe that we have sufficient management resources, we cannot assure you that this will be

the case or that we will successfully implement our operating and growth initiatives. Failure to implement these initiatives successfully could have a material adverse effect on our business, results of operations and financial condition.

We Are Subject To Significant Government Regulation

Our business is heavily regulated in the United States. In addition to the Food and Drug Administration, or FDA, which regulates, among other matters, the testing, manufacturing, storage, labeling, export, and marketing of blood products and in vitro diagnostic products, various other federal, state and local regulations also apply and can be, in some cases, more restrictive. If we fail to comply with FDA requirements, we could be subjected to civil and criminal penalties, or even required to suspend or cease operations. Failure of our plasma suppliers or customers to comply with FDA requirements could also adversely affect us. In addition, more restrictive laws, regulations or interpretations could be adopted, which could make compliance more difficult or expensive or otherwise adversely affect our business.

Market Supply And Demand For Plasma Products Fluctuates

The demand for our plasma products depends in large part on the number and uses of products which require plasma components for their manufacture or production. Many of the plasma products which we sell are used in the manufacture of diagnostic products to diagnose certain diseases. Several companies are attempting to develop and market products to treat these diseases based upon technology which would lessen or eliminate the need for human blood plasma. Such products, if successfully developed and marketed, could reduce the demand for our plasma products.

The supply of plasma has been constrained in recent years due in large part to the more rigorous screening procedures required by regulatory authorities and manufactures of plasma-based products to detect the presence of disease causing organisms. These safety procedures have disqualified a portion of the potential donor population. Additionally, the supply of plasma available to us depends on the available processing capacity of the fractionation facilities used in the industry to process plasma. These and other factors could adversely affect our ability to obtain an adequate supply of plasma for manufacturing of our products in the future.

We May Not Be Able To Successfully Implement Our Growth Strategy

Our growth strategy may include acquisitions and expansion into new markets. However, our ability to successfully implement this strategy depends on a number of factors, including our access to capital, our ability to obtain applicable governmental approvals and our ability to integrate acquired businesses into our existing operations. For example, we began manufacturing operations for bulk serums at our plant in Oceanside, California, in March 2000, and any problems with manufacturing or licensing of this facility could severely curtail our sales to biologics companies. We cannot assure you that we will be successful in expanding our operations or entering new markets.

Acquisitions Involve Inherent Risks That May Adversely Affect Our Operating Results And Financial Condition

Our growth strategy includes possible acquisitions. Acquisitions involve various inherent risks, such as:

- our ability to assess accurately the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;

- the potential loss of key personnel of an acquired business;

- our ability to integrate acquired businesses and to achieve identified financial and operating synergies anticipated to result from an acquisition; and

- unanticipated changes in business and economic conditions affecting an acquired business.

The Majority of Our Customers Do Business With Us On an Advance Purchase Order Basis

Because we do business with our customers on an advance purchase order basis, our customers may cancel orders of our products at any time prior to the shipment of the product.

We Are Dependent On Key Personnel

Our success depends on our ability to attract, retain and motivate the qualified personnel that will be essential to our current plans and future development. The competition for such personnel is substantial, and we can not assure you that we will successfully retain our key employees or attract and retain any required additional personnel.

In particular, our success depends to a significant extent upon the continued services of Michael Crowley II, our President and Barry Plost, our Chairman and interim CEO after the spin-off. Jerry Burdick is our Chief Financial Officer and the Chief Financial Officer for SeraCare, and will continue after the spin-off as our interim Chief Financial Officer. In addition, Mr. Plost, our Chairman of the Board and Chairman of the Board and CEO for SeraCare, will continue after the spin-off as Chairman and become our interim CEO. There can be no assurance that we will be able to effectively replace Mr. Plost or Mr. Burdick.

We Make a Large Percentage of its Sales to Three Customers

Approximately 49% of our net sales were to three customers in 2001 and 40% of our net sales were to two customers in 2000. These same customers represented approximately 46% and 45%, respectively, of year-end accounts receivable. If we were to lose any one of these customers, or if any major customer were to materially reduce its purchases of our plasma products, our business and results of operations would be materially adversely affected.

Following the Spin-Off, We Will Be a Smaller Company Which May Be Perceived Negatively By Our Customers

As a subsidiary of SeraCare prior to the spin-off, we were a part of company valued at approximately four times our estimated value immediately following the spin-off. Our customers may prefer to do business with larger companies because they may perceive them to be more financially stable. If true, then our customers may prefer to do business with competitors that are larger companies.

Our customers put their products through a rigorous approval process with the FDA, and list our products as a component of their products in that process. Once our customer receives FDA approval for their product, they may only use our product listed in the FDA application in manufacturing their product that received FDA approval. If our company were no longer able to supply that customer with the plasma product they need to manufacture such product, they would have to go through the FDA process again with one of our competitor's products. Therefore, following the spin-off our customers may prefer to do business with larger competitors with greater financial resources.

An Interruption In The Supply Of Diagnostics Products That We Purchase From Third Parties Could Cause a Decline In Our Sales

We purchase diagnostics products that are used in the manufacture and testing of our plasma products from third parties, such as Probitas Pharma and other companies. Any significant interruption in the supply of these diagnostics products could cause a decline in our plasma product sales, unless and until we are able to replace them. We also depend on these third parties to provide their products on a timely and cost-effective basis and to deliver high quality products, enhance their current products, develop new products, and respond to

emerging industry standards and other technological changes. The failure of these third parties to meet these criteria could harm our business.

Our Business Is Highly Competitive

Our products compete with those of other companies. Most of these companies have greater financial resources, research and product development capabilities and marketing organizations than we do. Certain of our special antibody products are derived from donors with rare antibody characteristics, resulting in increased competition for such donors.

We Are Subject To Governmental Reforms And The Adequacy Of Reimbursement

Healthcare reform is a priority of many elected and appointed officials. Some reform measures, if adopted, could adversely affect the pricing of diagnostic products which are made from plasma or the amount of reimbursement available for diagnostic products from government agencies, third party payers and other organizations.

Our Principal Shareholders May Exert Significant Influence On Us

As of the spin-off, our director, Barry Plost, is expected to beneficially owned approximately 17.0% of our common stock (which number includes options exercisable by Mr. Plost to purchase shares of the our common stock). In addition, Pecks Management Partners, Ltd., as investment advisor for four separate investors, is expected to beneficially own approximately 26.9% of our outstanding shares. Therefore, Mr. Plost and Pecks Management Partners, Ltd. each will have power to exert significant influence on our management and policies.

If The Shares Of Our Common Stock Eligible For Future Sale Are Sold, The Market Price Of Our Common Stock May Be Adversely Affected

If our existing security holders sell significant amounts of our common stock in the public market, the market price of the our common stock could be adversely affected, and we may find it more difficult to sell our common stock in the future at times and for prices we consider appropriate. As of the spin-off, about 5,433,468 shares of our common stock are expected to be outstanding, and an additional _____ shares are expected to be issuable upon the exercise or conversion of certain warrants and options that we had previously issued.

We May Issue Preferred Stock In The Future

We intend to authorize the issuance of up to 25 million shares of preferred stock. We may issue additional shares of preferred stock in one or more new series. Our board of directors may determine the terms of the preferred stock without further action by our shareholders. These terms may include voting rights, preferences as to dividends and liquidation, conversion and redemption rights, and sinking fund provisions. Although we have no present plans to issue additional shares of preferred stock or to create

new series of preferred stock, if we do issue additional preferred stock, it could affect the rights, or even reduce the value, of our common stock.

Product Liability Claims Could Have A Material Adverse Effect On Our Reputation, Business, Results Of Operations And Financial Condition

As a manufacturer and distributor of various therapeutic and diagnostic plasma products, our results of operations are susceptible to adverse publicity regarding the quality or safety of our products. Product liability claims challenging the safety of our products may result in a decline in sales for a particular product which could adversely affect our results of operations. This could be true even if the claims themselves are proven to not be true or settled for immaterial amounts.

While we currently are covered by SeraCare's insurance policies, following the spin-off we will have our own general liability and other insurance policies concerning product liabilities and we will have self-insured retentions or deductibles under such policies with respect to a portion of these liabilities.

Risk Of Hazardous Waste Liability

Our operations involve the controlled use of bio-hazardous materials and chemicals. Although we believe that our safety procedures for handling and disposing of such materials comply with the standards prescribed by state and federal agencies, we cannot assure you that we will be able to continue to comply with all applicable standards or that violations will not occur. In addition, we cannot assure you that more restrictive laws, rules and regulations or enforcement policies will not be adopted in the future which could make compliance more difficult or expensive or otherwise adversely affect our

business or prospects.

We Are Subject To The Risks Associated With International Sales

During the fiscal year 2001, international sales accounted for approximately 42% of our total revenues. We anticipate that future international sales will continue to account for a significant percentage of our revenues. Risks associated with these sales include:

- political and economic instability;
- export controls;
- changes in legal and regulatory requirements;
- U.S. and foreign government policy changes affecting the markets for our products; and
- changes in tax laws and tariffs;

Any of these factors could have a material adverse effect on our business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Foreign Restrictions On Importation Of Blood Derivatives

Concern over blood safety has led to movements in a number of European and other countries to restrict the importation of blood and blood derivatives, including antibodies, collected outside the countries' borders or, in the case of certain European countries, outside Europe. To date, these efforts

have not led to any meaningful restriction on the importation of blood or blood derivates, and have not adversely affected our business. Such restrictions, however, continue to be debated and there can be no assurance that such restrictions will not be imposed in the future. If imposed, such restrictions could have a material adverse effect on the demand for our products.

Anti-Takeover Effects of Certain Charter and Bylaw Provisions

Certain provisions of our articles of incorporation and bylaws may be deemed to have anti-takeover effects and may discourage, delay or prevent a takeover attempt that might be considered in the best interests of the shareholders of the Company. These provisions, among other things: (i) eliminate cumulative voting rights when the Company becomes a "listed" company on a national securities exchange; (ii) authorize the issuance of "blank check" preferred stock having such designations, rights and preferences as may be determined from time to time by the board of directors, without any vote or further action by the shareholders of the Company; and (iii) eliminate the right of shareholders to act by written consent.

CAUTIONARY STATEMENT AS TO FORWARD LOOKING STATEMENTS

We caution you that this document contains disclosures that are forward-looking statements. All statements regarding Life Sciences' expected future financial position, results of operations, cash flows, dividends, financing plans, business strategy, budgets, projected costs or cost savings, capital expenditures, competitive positions, growth opportunities for existing products or products under development, plans and objectives of management for future operations and markets for stock are forward-looking statements. In addition, forward-looking statements include statements in which we use words such as "expect," "believe," "anticipate," "intend," or similar expressions. Although we believe the expectations reflected in such forward-looking statements are based on reasonable assumptions, we cannot assure you that these expectations will prove to have been correct, and actual results may differ materially from those reflected in the forward-looking statements. Factors that could cause our actual results to differ from the expectations reflected in the forward-looking statements in this document include those set forth in "Risk Factors."

Life Sciences has no intention or obligation to update the forward-looking statements, even if new information, future events or other circumstances make them incorrect or misleading.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future.

CAPITALIZAITON

The following table sets forth at May 31, 2001 our capitalization on an actual basis. You should read this information together with the "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes contained elsewhere in this prospectus.

<TABLE>
<CAPTION>

	As of May 31, 2001
<S>	<C>
Debt (including current maturities):	
Advances from Parent(*)	$11,146,204
Total Debt	$11,146,204
Shareholder's Equity:	
Common stock, no par value, 100,000 shares authorized; and 1000 shares issued and outstanding	1,000
Additional paid-in capital	$144,924
Accumulated other comprehensive loss	--
Retained earnings	6,576,378
Total shareholders' equity	6,722,302
Total capitalization	$17,868,506

</TABLE>

(*) As of the date of the spin-off, the net intercompany amount due from Life Sciences to SeraCare will be deemed additional investment in Life Sciences by SeraCare and will be recorded as an additional investment in the Company. Accordingly, if the spin-off had taken place as of May 31, 2001, Advances from parent would be zero and additional paid-in capital of Life Sciences would have been increased by $11,146,204.

SELECTED FINANCIAL DATA

The table below presents selected financial data of the Company as of and for the five years ended February 28 (29), 2001, 2000, 1999, 1998 and 1997. The data for years 2001 through 1999 have been derived from the historical audited financial statements of the Company. The data for the fiscal years ended February 28, 1998 and May 31, 1997 are unaudited and were derived from internal statements of the Company that are not included elsewhere in this information statement. The historical results are not necessarily indicative of results to be expected for any future period.

<TABLE>
<CAPTION>

	For the 3 Months ended	For the 3 Months ended	For the Years ended February 28(29)				
	May 31, 2001	May 31, 2000	2001	2000	1999	1998	1997(2)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:						(Unaudited)	(Unaudited)
Total Revenue	$ 3,152,651	$ 3,834,336	$19,663,336	$16,219,056	$13,110,819	$11,545,746	$7,952,960
Cost of sales	1,821,765	2,707,348	13,197,646	12,057,761	9,448,220	8,906,553	5,953,978
Gross profit	1,330,886	1,126,988	6,465,690	4,161,295	3,662,599	2,639,193	1,998,982
General and administrative expenses	686,857	574,780	2,759,445	2,694,271	1,551,681	1,323,169	1,941,458
Operating income	644,029	552,208	3,706,245	1,467,024	2,110,918	1,316,024	57,524
Other income, net	-	9,940	11,488	7,597	12,344	52,899	53,877
Net income before taxes	644,029	562,148	3,717,733	1,474,621	2,123,262	1,368,923	111,401
Income taxes (1)	264,052	230,481	1,524,271	604,595	870,537	561,258	44,000
Net Income	$ 379,977	$ 331,667	$ 2,193,462	$ 870,026	$ 1,252,725	$ 807,665	$ 67,401
EARNINGS PER SHARE:							
Basic	$ 379.98	$ 331.67	$ 2,193.46	$ 870.03	$ 1,252.73	$ 807.67	$ 67.40
Diluted	$ 379.98	$ 331.67	$ 2,193.46	$ 870.03	$ 1,252.73	$ 807.67	$ 67.40

WEIGHTED AVERAGE SHARES OUTSTANDING:							
Basic	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Diluted	1,000	1,000	1,000	1,000	1,000	1,000	1,000

<CAPTION>

	As of February 28(29)						
	May 31, 2000	May 31, 2000	2001	2000	1999	1998	1997(3)
SELECTED BALANCE SHEET DATA:							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Working capital	$13,689,784	$ 7,732,295	$12,626,907	$ 6,183,839	$ 5,472,195	$ 1,632,055	$ 912,164
Total assets	19,910,836	14,243,048	$20,562,479	$15,046,987	$ 9,872,904	$ 6,609,409	$2,555,851
Advances from parent(3)	11,146,204	5,182,669	$10,499,140	$ 6,237,306	$ 5,598,380	$ 2,612,339	$ -
Shareholder's equity	6,722,302	6,817,529	$ 6,342,325	$ 4,148,863	$ 3,321,302	$ 2,026,112	$ 929,776

</TABLE>

(1) The Company filed its taxes as part of the consolidated return of the parent. For purposes of this presentation, income taxes for all years presented except 1997 have been calculated at 41% in order to reflect a permanent difference relating to goodwill and appropriate statutory rates. The year 1997 has been presented as actually incurred.

(2) Data for the fiscal year 1997 reflects the twelve months ended May 31, 1997 which was the fiscal year of the company before its acquisition by SeraCare. These results are not comparable to other periods presented. The three months ended May 31, 1997 are also included in the twelve months February 28, 1998.

(3) As of the date of the spin-off, the net intercompany amount due from Life Sciences to SeraCare will be deemed additional investment in Life Sciences by SeraCare and will be recorded as an additional investment in the Company. Accordingly, if the spin-off had taken place as of May 31, 2001, Advances from parent would be zero and additional paid-in capital of Life Sciences would have been increased by $11,146,204.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a manufacturer of plasma-based diagnostic products and distributor of therapeutic products based in Oceanside, California with offices strategically located in Helsinki, Austria, Paris, Milan, Tel Aviv and Seoul. We are a vendor-approved supplier to over 500 pharmaceutical and other healthcare companies, including being listed as an exclusive supplier in many customers' regulatory applications with the FDA. Our primary focus is on the sale of plasma-based therapeutic, cell culture and diagnostic products to domestic and international customers. During fiscal year 2000, we established ourselves as a major supplier of plasma-based diagnostic products to several pharmaceutical and biotech companies and signed the distribution agreement with Proliant, the largest producer of bovine products in the world. During the fiscal year 2001, we cultivated alternative diagnostic applications for traditionally therapeutic products as an alternative to animal-based mediums and established ourselves as a manufacturer of bulk plasma-based products and serums. During fiscal year 2001, we also continued to expand our product technology and began operating under a collaboration agreement with Quest Diagnostics to advance our goal of providing a full spectrum of antibody specific plasma products to manufacturers of diagnostic products throughout the world. In addition, we have also helped certain customers develop internal protocols and standards used to establish quality control benchmarks and has performed various other value-added services for its' customers in order to establish solid relationships.

Results of Operations

Three Months Ended May 31, 2001 as compared to Three Months Ended May 31, 2000

Revenue

Net revenue of the Company decreased by 18 percent, or $681,685 to $3,152,651 during the current year period. This decrease was primarily the

result of the timing of shipments to certain customers and the deferral of deliveries by the Company's largest therapeutic customer due to production scheduling issues.

Gross Profit

Gross profit increased by $203,898 or 18 percent in the current year period to $1,330,886 mainly due to a change in product mix resulting from an increase in the sales volume of products manufactured by the Company.

General and Administrative Expenses

General and administrative expenses in the current quarter increased by $112,077 to $686,857, an increase of 20 percent. This increase was primarily due to an increase in salaries and expenses due to a sales and marketing restructuring.

Income Before Tax and Expenses

As a result of the above, income before income tax expense increased by $81,881 or 15 percent to $644,029.

Net Income

As a result of the above, net income for the three months ended May 31, 2001 was $379,977 compared to $331,667 for the same prior year period.

Fiscal Year Ending February 28, 2001 compared to Fiscal Year Ending February 28, 2000

Revenue

Revenue increased by $3,444,280 to $19,663,336, an increase of 21 percent. The primary contributors to the increase were: the ramp-up of the manufacturing operation in Oceanside, California which resulted in an increase in the sale of manufactured serums and plasma products; and, to a lesser extent, an increase in the volume of certain plasma products sold to biotech companies.

Gross Profit

Gross profit increased by $2,304,395, or 55 percent in 2001 to $6,465,690. The primary contributor to the improvement was the higher gross margins derived from the products manufactured in Oceanside. Also contributing was the increased sales of fractionated plasma products. As a result of the aforementioned, the gross profit percentage increased from 25.7 percent in fiscal 2000 to 32.9 percent in fiscal 2001.

General and Administrative Expenses

General and administrative expenses for fiscal 2001 increased by $65,174, or 2.4 percent, to $2,759,445. This increase was primarily due to the increase in commission expense associated with the higher sales and a restructuring of the marketing and sales structure.

Other Income

Other income for fiscal year 2001 was $11,488 compared to $7,597 for fiscal year 2000.

Income Taxes

Historically, Life Sciences has been a part of the consolidated filing by SeraCare, Inc. and has not reported income taxes on an individual basis. For presentation purposes in this Information Statement, income taxes have been calculated at an overall rate of 41% to reflect the permanent timing differences of the amortization of goodwill as well as the appropriate statutory rates.

Net Income

As a result of the above, net income for fiscal 2001 totaled $2,193,462 compared to $870,026 in fiscal 2000.

Fiscal Year Ending February 29, 2000 vs. Fiscal Year Ending February 28, 1999

Revenue

Revenue increased by $3,108,237 to $16,219,056, an increase of 23.7 percent. The primary contributors to the increase were: the increase in the sale of fractionated plasma products; and, to a lesser degree, increased plasma sales to international customers.

Gross Profit

Gross profit increased by $498,696 or 13.6 percent in 2000 to $4,161,295. This increase was a direct result of the increase in sales volumes, partially offset by a product mix which included certain low-margin sales.

General and Administrative Expenses

General and administrative expenses for fiscal 2000 increased $1,142,590 or 73.6 percent. Salaries, commissions and other sales expenses were higher due to a restructuring of marketing and sales in order to establish a more focused attention on customers and opportunities. The Company also experienced an increase in employee benefits expenses and higher general insurance costs.

Income Taxes

Historically, Life Sciences has been a part of the consolidated filing by SeraCare, and has not reported income taxes on an individual basis. For stand-alone financial statement presentation purposes income taxes have been calculated an overall rate of 41% to reflect the permanent timing differences of the amortization of goodwill as well as the appropriate statutory rates.

Net Income

As a result of the above, there was a net income for fiscal 2000 of $870,026 compared to a net income of $1,252,725 in fiscal 1999.

Liquidity and Capital Resources

Fiscal Year Ending February 28, 2001 compared to Fiscal Year Ending February 29, 2000

As of February 28, 2001, the Company's current assets exceeded current liabilities by $12,626,907 compared to $6,183,839 at the year earlier date. The use of cash during the year was consistent with the Company's strategic plan for growth which includes a shifting from bulk plasma sales to a more stable and profitable spectrum of products used by large biotech and bioscience companies. The short-term impact on the Company's earnings and cash flow has been to defer profitability and positive cash flows. The recent collaboration agreement with Quest Diagnostics is a reflection of the Company's commitment to higher profit margin products which in this case is reactive and rare antibody plasma products used in diagnostic applications.

Net cash used in operating activities during fiscal 2001 was $4,389,820 compared to cash generated of $456,736 during the same prior year period. This was due primarily to an increase in inventory levels associated with the specialty plasma program and a decrease in accounts payable.

Cash flows used in investing activities for fiscal 2001 was $146,382 compared to $118,113 used in the comparable prior year period. The cash used was primarily the result of purchases of equipment related to the establishment of a manufacturing operation in Oceanside.

Cash flow from financing activities was $4,261,834 for fiscal year 2001 compared to $233,743 used in the comparable prior period. The current year impact was the result of increases in inter-company advances from SeraCare, partially offset by the transfer of excess cash to SeraCare. The prior year amount was the result of excess cash being transferred to SeraCare, mostly offset by the transfer of certain specialty and reactive plasma products from SeraCare, to the Company.

Much of fiscal year 2001 has been a period for assessing product lines and margins in an effort to focus the marketing and sales efforts in areas where the Company expects the highest returns. The restructuring of the sales and marketing organization is substantially complete, with the final step being to establish specific targets and goals. Consistent with this process, the Company is currently in the process of expanding the manufacturing operations established to provide bulk plasma based products and serums for diagnostic customers due to demand being higher than current capacity. This expansion will also increase the number and type of products which can be manufactured in-house.

The Company continues to believe that demand for plasma and plasma based products will continue to improve through the current calendar year. The Company

also believes that products manufactured in-house are gaining acceptance with pharmaceutical and healthcare companies. The Company has historically been a wholly-owned subsidiary of a parent company with access to capital markets. If that relationship should change, there can be no guarantee that internally generated cash flow will be sufficient to meet the Company's working capital requirements for fiscal 2002.

Three Months Ending May 31, 2001 as compared to Three Months Ending May 31, 2000

As of May 31, 2001 the Company's current assets exceeded current liabilities by $13,689,784 compared to $12,626,907 as of February 28, 2001, which translates into a current ratio as of May 31, 2001 of 7.7 to 1 compared to 4.4 to 1 as of February 28, 2001. Total liabilities including "Advances from

parent" as of May 31, 2001 were $13,188,534 compared to $14,220,154 as of February 28, 2001. The total debt to equity ratio as of May 31, 2001 was 1.96 compared to 2.24 as of February 28, 2001.

Net cash used in operating activities during the three-month period ended May 31, 2001 was $275,078 compared to $1,298,748 during the same prior year period. The current year quarter results were due primarily to a smaller decrease in accounts payable.

Cash flows used in investing activities for the three months ended May 31, 2001 was $6,636 compared to $81,800 for the comparable prior year period. The results for both periods were the result of capital expenditures for manufacturing equipment.

Cash flow provided by financing activities was $647,064 for the current year period compared to cash flow generated of $1,282,362 for the comparable period in the prior year. The amounts for both periods were the result of advances to and from the parent. The Company has been advised that as of the date of the spin-off, the net intercompany amount due from Life Sciences to SeraCare will be deemed additional investment in Life Sciences by SeraCare and will be recorded as an additional investment in the Company. Accordingly, if the spin-off had taken place as of May 31, 2001, Advances from parent would be zero and additional paid-in capital of Life Sciences would have been increased by $11,146,204. If the Company is required to pay such intercompany amounts, it would have a material adverse effect upon its ability to meet its ongoing obligations.

Inflation

Management believes that inflation generally causes an increase in sales prices with an offsetting unfavorable effect on the cost of products sold and other operating expenses. Accordingly, with the possible exception of the impact on interest rates, management believes that inflation will have no significant effect on the Company's results of operations or financial condition.

Other Items

Our historical financial information is not necessarily indicative of the results of operations, financial position or cash flows that would have occurred if we had been a separate, independent company during the periods presented, nor is it indicative of our future performance. The historical financial statements do not reflect any changes that may occur in our capitalization or results of operations as a result of, or after, the spin-off.

New Accounting Pronouncements

In October 2000, the Company adopted Financial Accounting Standards Board SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards requiring every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement also requires changes in the derivative's fair value to be recognized in earnings unless specific hedge accounting criteria are met. The adoption of SFAS 133 did not have a material impact on the consolidated financial statements.

In December 1999, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which provides guidance on the recognition, presentation and disclosure of revenue in the financial statements filed with the SEC. Subsequently, the SEC released SAB 101B, which delayed the implementation date of SAB 101 for registrants with fiscal years that begin between December 16, 1999 and March 15, 2000. The Company was required to be in conformity with the provisions of SAB 101, as amended by SAB 101B, no later than October 1, 2000. The Company believes the adoption of SAB 101, as amended by SAB 101B, has not had a material effect on the financial position, results of operations or cash flows of the Company for the year ended February 28, 2001.

In March 2000, the FASB issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation, the Interpretation of APB Opinion No. 25" (FIN44). The Interpretation is intended to clarify certain problems that have arisen in practice since the issuance of APB No. 25, "Accounting for Stock Issued to Employees." The effective date of the Interpretation was July 1, 2000. The provisions of the Interpretation apply prospectively, but they will also cover certain events occurring after December 14, 1998 and after January 12, 2000. The adoption of FIN 44 did not have a material adverse affect on the current and historical consolidated financial statements.

In March, 2000, Emerging Issues Task Force No. 00-2, "Accounting for Web Site Development Costs" (EITF 00-2) was issued. The Task Force issue outlined the capitalization and expense requirements of costs incurred to development internet web sites. EITF 00-2 is effective for web site development costs incurred for fiscal quarters beginning after June 30, 2000. The adoption of EITF 00-2 is not expected to have a material impact on the financial statements.

In July 2001, the Financial Accounting Standards Board released Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets", which revises the accounting and reporting for purchased goodwill and other intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized, but will be tested annually, or in the event of an impairment indicator, for impairment. The Company expects that the adoption of SFAS 142 will increase annual income by approximately $220,000 annually.

In June 2001, the Financial Accounting Standards Board approved for issuance statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations." This standard eliminates the pooling method of accounting for business combinations initiated after June 30, 2001 in addition SFAS 141 addresses the accounting for intangible assets and goodwill acquired in a business combination. This portion of SFAS 141 is effective for business combinations completed after June 30, 2001. The Company does not expect SFAS 141 to have a material effect on the Company's financial position or results of operations.

Description of Our Business

Our Company

We are a manufacturer of plasma-based diagnostic products and distributor of therapeutic products based in Oceanside, California with distributors strategically located in Helsinki, Austria, Paris, Milan, Tel Aviv and Seoul. We are a vendor-approved supplier to over 500 pharmaceutical and other healthcare companies, including being listed as an exclusive supplier in many customers' regulatory applications with the FDA. Our primary focus is on the sale of plasma-based therapeutic, cell-culture and diagnostic products to domestic and international customers. During fiscal year 2000, we established ourselves as a major supplier of plasma-based diagnostic products to several pharmaceutical and biotech companies and signed a distribution agreement with Proliant, the largest producer of bovine products in the world. During the fiscal year 2000, we cultivated alternative diagnostic applications for traditionally therapeutic products as an alternative to animal-based mediums and established our self as a manufacturer of bulk plasma-based products and serums. During fiscal year 2001, we also continued to expand our product technology and began operating under a collaboration agreement with Quest Diagnostics to advance our goal of providing a full spectrum of antibody specific plasma products to manufacturers of diagnostic products throughout the world. In addition, we have also helped certain customers develop internal protocols and standards used to establish quality control benchmarks and have performed various other value-added services for our customers in order to establish solid relationships.

Industry Overview

Our business operates in the industry known as the "bioscience" or "life sciences" industry. The products in our industry can be divided into three categories, therapeutic, diagnostic and cell culture. Diagnostic products are used to diagnose specific patient conditions, including infectious disease and blood type, and include products consisting of antibodies that are used to determine blood type or screen for a specific disease. The diagnostic segment also includes non-human derived blood products for cell culture, research, manufacturing or in vitro diagnostic use. Therapeutic products are used for the treatment or prevention of disease conditions, and include products consisting of specialty antibodies, non-specialty antibodies and source plasma. Cell culture products are media used to grow cells including but not limited to monoclonal antibodies and recombinant proteins.

Product sectors in which we compete include source plasma, specialty and

non-specialty antibodies found in source plasma and other specialty biologic components.

- Antibodies are proteins produced by B cells, which are designed to control the immune response in extra-cellular fluids. B cells develop in the bone marrow and are responsible for immunity in the intercellular fluids.

- Plasma is the liquid part of blood and is collected through a procedure similar to giving blood. The clear plasma is mechanically separated from the cellular elements of the blood (such as red and white blood cells and platelets) through centrifugation or membrane filtration at the time the donation is made. These cellular elements are then returned to the donor as part of the same procedure.

- The process of collecting plasma is known as plasmapheresis. Because blood cells are returned, it is possible for individuals to donate plasma more frequently than whole blood. Donations of plasma can be made up to twice per week or 104 times per year pursuant to FDA rules.

Source plasma is the cornerstone for most therapeutic and diagnostic products. The availability of source plasma affects the ability to produce therapeutic and diagnostic products. We believe that a significant worldwide shortage of plasma has developed which could last three to five years. In our opinion, the market factors currently affecting the supply and demand of source plasma and plasma derived products include the following:

- The expanded use of immune globulins to prevent and treat disease;

- The worldwide plasma shortage which has been made worse by the impact of the (BSE) and (TSE) disease in Europe, which resulted in the termination of all plasma collection activities within that country and the replacement of such plasma from the United States;

- Extensive public concern over the safety of blood products, which has led to increased domestic and foreign regulatory control over the collection and testing of plasma and the disqualification of certain segments of the population from the donor pool;

- The continuing increase in the uses of plasma as the source material for new treatments and applications, such as fibrin glue, a growth agent for microbiotics and vaccines;

- The increased demand for plasma-based healthcare products worldwide, which has led to expansion of fractionation capacity; and

- The barriers to entry into the fractionation and plasma collection business, including the extensive FDA and ABRA approval process, which can take years to complete.

Company History

SeraCare Life Sciences, Inc. was incorporated under the laws of the State of California in 1984 and changed its name from The Western States Group, Inc. to SeraCare Life Sciences, Inc. in June 2001. In February 1998, SeraCare, Inc. acquired all of our outstanding stock in a strategic acquisition designed to expand sales and distribution opportunities internationally. At that time, we were a worldwide marketing organization for therapeutic blood plasma products, diagnostic test kits, specialty plasma and bulk plasma. During the initial twelve months after the acquisition, our primary product was excess blood plasma that was sold to various established customers internationally. Since that time, the ever-increasing shortage of bulk plasma has resulted in a transition of our business away from bulk plasma to manufacturing of plasma-based diagnostic products and distribution of therapeutic products. Key to this transition has been: (1) the agreement with Instituto Grifols, S.A. under which Grifols supplies us with Human Serum Albumin, which we then distribute to multinational biotech companies; (2) the joint venture agreement with Proliant for the distribution of Bovine Serum Albumin to multinational diagnostic products manufacturers; (3) the establishment of a manufacturing operation in Oceanside for the custom manufacturing of bulk serums and other plasma products; and (4) the collaboration agreement with Quest Diagnostics, Inc. which is the cornerstone of a specialty plasma program for the collection and sale of antibody specific plasma, antibody serums and purified human antigens.

Principal Business Divisions

During fiscal year 2001, we re-organized our business by division, and our business now operates through two divisions, the Therapeutics division and the Diagnostics division. The primary focus of the Therapeutics division is the sale of our therapeutic products internationally. The primary focus of our Diagnostics division is the sale of our diagnostic products domestically. For

relating to our business segments, refer to Note 6 to our financial statements. See "Index to our Financial Statements at page F-1."

Regulatory Issues

The blood resources industry is one of the most heavily regulated in the United States. Federal, state, local and international regulations are designed to protect the health of the donors as well as the integrity of the products. The Food and Drug Administration (the "FDA") administers the federal regulations across the country. Failure to comply with FDA regulations, or state and local regulations, may result in the forced closure of a facility licensed by the FDA or monetary fines or both, depending upon the issues involved. We are also subject to regulation by Occupational Safety and Health Administration ("OSHA").

These regulations apply to our manufacturing facilities in Oceanside, California. In addition, these regulations apply to the collection facilities under contract with us that supply us with plasma and the facilities where we refer donors for plasmapheresis services in connection with our specialty plasma program (our "contract collection centers"). We do not own or operate plasma collection centers or perform plasmapheresis services. The following summarizes the nature of these regulations:

Federal Government

FOOD AND DRUG ADMINISTRATION:

The testing, manufacturing, storage, transport, labeling, export, and marketing of blood products and in vitro diagnostic products are extensively regulated. In the U.S., the FDA regulates blood products and medical devices under the Food, Drug, and Cosmetic Act, the Public Health Service Act, and implementing regulations. Violations of FDA requirements may result in various adverse consequences, including shutdown of a facility, withdrawal of product approvals, and the imposition of civil or criminal penalties.

Generally, blood products and in vitro diagnostics may not be marketed in the U.S. unless they are the subject of a FDA approval or clearance. Obtaining FDA approvals and clearances is time consuming, expensive and uncertain. Approvals or clearances for the products we manufacture and distribute are generally obtained and held by our customers, who often include information on our product, as well as their own, in their FDA applications for approval or clearance. Once a product is approved or cleared, certain product changes must receive FDA approval or clearance before they are implemented. If our customers do not obtain and maintain FDA approvals or clearances in compliance with the law, it could adversely affect our ability to continue to manufacture and distribute our products.

In addition, we must comply with extensive FDA requirements governing our manufacturing procedures and practices. These requirements cover, among other issues, personnel qualifications; suitability of facilities; product processing, packaging, labeling, and shipping; and record keeping. We are also required to register and list our products with the FDA. The FDA periodically inspects facilities to assess compliance with these requirements, and manufacturers must continue to spend time, money and effort to maintain compliance. Future inspections may identify compliance issues at our facilities, or those of our suppliers or customers, that could disrupt production, or require substantial resources to correct. In addition, discovery of problems with a product may result in restrictions on the product, manufacturer, or license holder, including withdrawal of the product from the market.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION:

As with most operating companies, all of our centers must comply with both Federal and State OSHA regulations. We train our employees in current OSHA standards, provides hepatitis vaccine to employees when desired, and maintains all required records. OSHA does inspect operating locations as they deem appropriate, and generally do so without advance notice. We have no outstanding issues relating to an OSHA inspection that required corrective action.

STATE GOVERNMENTS

Most states in which we operate have regulations that parallel the federal regulations. Most states do conduct periodic unannounced inspections and require licensing under each state's procedures. The Company currently has no unresolved issues relating to any state regulations.

Discussion Of The Company's Primary Products

Currently, most of our products are made from source plasma. Plasma derived products can be divided into two groups, diagnostic or "non-injectable" into humans and therapeutic or "injectable" into humans. Diagnostic products are used to diagnose specific patient conditions, including infectious disease and blood type and are not injected into humans, and the therapeutic products are used as exciepients in the manufacture of vaccines.

Plasma collected by our contract collection centers place the plasma collected in storage on site while a sample thereof is sent to a lab for testing. No plasma can be shipped to us unless test results are received which indicate the plasma is free of any bacterial or viral occurrences. If results of the testing indicate any bacterial or viral presence, we may retain the plasma as specialty plasma for our diagnostic products or research purposes. Or, if the donor was a referred donor from our specialty plasma program, then we know that the plasma will be specialty plasma for our diagnostic products. If the plasma cannot be sold as source plasma or specialty plasma, it is generally destroyed. Plasma is collected by the contract collection centers in accordance with our Standard Operating Procedures that have been approved by the FDA. These procedures, which all employees of the contract collection centers are required to follow, carefully spell out all safety related instructions. In accordance with such procedures, all initial donors are given a physical examination before being accepted as a plasma donor. Additionally, every time the donor donates, he or she is tested for the presence of blood borne pathogens such as hepatitis B, hepatitis C, HIV (antigen and antibody) and liver enzymes (indication of liver disease, such as other types of hepatitis). The donor is also checked for serum protein content and hematocrit (percent of red blood cells in serum). These tests serve as a safety mechanism for both the donor and the plasma. New donors are also checked for syphilis and drug use. Repeat donors are re-tested for syphilis three times each year and for drug use once each year.

Donor safety is very important to us. Accordingly, operating procedures for our referred donors in connection with our specialty plasma program require that donors have the process thoroughly explained, including the hazards and side effects and that each donor signs an informed consent form.

Therapeutic Plasma Products (Injectable)

Source plasma is the base raw material used to manufacture many injectable therapeutic products, the most important of which are:

Normal Serum Albumin and Plasma Protein Fraction, which are primarily used to keep vessel walls from collapsing following major injury, as blood volume expanders and as a protein replacement. They are used:

- to treat shock due to trauma or hemorrhage;
- to treat fluid loss due to severe burns;
- in cardiovascular surgery;
- to treat liver and kidney diseases; and
- as a carrier for many other injectable solutions.

Immune Globulins, which are used to strengthen the immune system in order to fight off common diseases such as:

- Suppressed immune systems in cases of organ transplants, HIV and other immune deficiencies;
- Hepatitis B;
- Tetanus;
- Rabies;
- Whooping cough;
- Measles;
- Polio; and
- Other immune related diseases

Antihemophilic Factors, which are specific proteins found in plasma that are an integral part of the blood clotting mechanism. Persons born with an absence or a deficient amount of the protein suffer from hemophilia, types A, B, or Von Willebrand's Disease.

Rh Immune Globulin, which is a substance administered to prevent incompatibilities between the blood of a fetus and mother. Rh incompatibility occurs when an Rh-negative woman is pregnant with an Rh-positive fetus. This occurs in 9-10% of pregnancies. If no preventive measures are taken, 0.7-1.8% of Rh-negative women with an Rh-positive fetus will become isoimmunized antenatally, developing Rh(D) antibody through exposure to fetal blood; 8-15% will become isoimmunized at birth, 3-5% after abortion (spontaneous or therapeutic), and 2.1-3.4% after amniocentesis. Rh(D) isoimmunization currently occurs at a rate of about 1.5 per 1000 births. Its effects on the fetus or newborn include hemolytic anemia, hyperbilrubinemia, kernicterus, or intrauterine deaths due to hydrous fetalis. About 45% of cases require intrauterine or exchange transfusions to survive, and there are about four deaths from this disease per 100,000 total births. The prevalence of Rh(D) isoimmunization has declined significantly following the introduction of Rh(D) immune globulin.

The administration of Rh(D) immune globulin to these women prevents maternal sensitization and subsequent hemolytic disease in Rh-positive infants. RhIG must be administered after abortion, amniocentesis, ectopic pregnancy, and antepartum hemorrhage, as well as after delivery.

Diagnostic Plasma Products (Non-injectable)

We provide our customers with a variety of diagnostic products, which are not injectible into humans and are used to diagnose specific patient conditions, including infectious disease and blood type. Some of our primary products include:

- Blood Grouping and Typing Reagents that are used by blood banks to match donor blood with the recipient.
- Laboratory Control Reagents that are used by laboratories to assure the quality control of their tests.
- Special Test Kit Reagents that are derived from the plasma of donors known to have a specific disease and are used in the laboratory as a positive control test. The following are our primary disease state test kits:
  - Hepatitis A, B and C
  - HIV
  - Syphilis (RPR)
  - Rheumatoid Factor (RF)

Our diagnostic products also include non-human blood products that are used for cell culture, research, manufacturing or in vitro diagnostic use only. Our animal products include:

- Animal Sera, including Goat, Guinea Pig, Mouse, Rabbit, Rat and Sheep Serums; and
- Bovine Protein Fractions, including Bovine Serum Albumin, Bovine Cholesterol Concentrate and Bovine Gamma Globulin.

Cell Culture

Cell culture products are media used to grow cells for recombinant protein, monoclonal antibodies, and research and laboratory use. Some examples of our cell-culture products include:

- Male AB Serum
- Mouse Serum
- Fetal Calf Serum
- Transferrin

Specialty Plasma

Specialty plasma can be for diagnostic or therapeutic purposes. Generally, specialty plasma contains high concentrations of specific antibodies

and is used primarily to manufacture immune globulin therapeutic products that bolster the immunity of patients to fight a particular infection or to treat certain immune system disorders. Following advances in intravenous therapy in the mid-1980s, use of specialty plasma for therapeutic purposes significantly increased. Among the current uses for specialty plasma is

the production of products to prevent hepatitis, Rh incompatibility in newborns, tetanus and rabies. Specialty plasma is also widely used for diagnostic and tissue culture purposes.

The cornerstone of our specialty plasma program for the collection and sale of antibody plasma, antibody serums and purified human antigens is our collaboration agreement with Quest Diagnostics, Inc. This program emphasizes the collection of specialty plasma by identifying potential specialty plasma donors through various screening and testing procedures. After we identify donors, we refer them to our contract collection centers for plasmapheresis, and then we sell the resulting specialty plasma to our customers.

Our Customers

We market our products to both domestic and international manufacturers of therapeutic and diagnostic products. Often our customers provide us with exact specifications and we develop a product specifically for that customer. Our customer then uses our product in manufacturing their product to be sold to the ultimate consumer.

Our ability to supply quality plasma products to our customers helps them do their job effectively, with confidence and within schedule. Benefits we provide our customers include: elimination of duplicate screening of brokered-relabled samples and Units; reduction in testing and screening fees because we pre-screen and pre-test products to meet our customers' specifications; shipping material to meet our customers manufacturing deadlines and research demands; and maintaining traceability, reliability and control.

Complete confidentiality is another very important feature of the service offered by us to our customers. Any information provided to us by our customers regarding commercially sensitive work or original research is kept in the strictest of confidence.

Approximately 49% of our net sales were to three customers in 2001 and 40% of our net sales were to two customers in 2000. These same customers represented approximately 46% and 45%, respectively, of year-end accounts receivable. If we were to lose any one of these customers, or if any major customer were to materially reduce its purchases of our plasma products, our business and results of operations would be materially adversely affected.

Strategic Alliances

Keys to our competitive strength will be our strategic alliances with Instituto Grifols, S.A., Proliant and Quest Diagnostics.

SeraCare entered into an agreement in June 1999 with Instituto Grifols, S.A. under which Grifols supplies us with Human Serum Albumin, which we then distribute to multinational biotech companies. Under this agreement, Instituto Grifols, S.A. supplies us with Human Albumin for use in diagnostic products. This agreement provides us with a constant source of Human Albumin for manufacturing of our diagnostic products. The parties entered into an amendment to this agreement which extended the original term of the agreement until March 31, 2006.

In 2000 we entered into a distribution agreement with Proliant (formerly AMPC), the largest producer of bovine products in the world for the distribution of Bovine Serum Albumin to multinational diagnostic products manufacturers. This agreement grants our company the right to market Proliant's bovine serum albumin to the worldwide diagnostic industry. Bovine Albumin, also known as BSA or Fraction V, is a critical component for diagnostic assays, biopharmaceutical cell culture, microbial culture

and life science research. We expect that this relationship with Proliant will expand into other products such as bovine immunoglobulins, bovine lipid products, and other animal-based proteins and base matrixes. These products are critical for biotechnology, diagnostic manufacturing and life science research.

In January 2001, SeraCare entered into a collaboration agreement with Quest Diagnostics, Inc., the nation's leading provider of diagnostic testing, information and services. This agreement provides us with consistent availability of high quality disease state plasma for our specialty plasma products. The structure of the agreement is that we recruit donors with rare

serologic findings who will be compensated for their plasma donations. Quest Diagnostics helps by contacting physicians of qualified individuals and notifying them of the opportunity to participate in the program. This collaboration gives medical technology companies a full array of specialty antibody plasma specimens that are required for product development and research projects. The initial term of this agreement expires January 1, 2006. This agreement will be assumed by Life Sciences at the time of the spin-off.

Competition

We compete with fractionators, specialty plasma collection companies and distributors of plasma products in the sale of our therapeutic and diagnostic plasma products. Long term established relationships both internationally and domestically serve as the cornerstone of our competitive edge. In addition, we believe our ability to work with customers in developing Standard Operating Procedures ("SOP's") and formulations for FDA approval is unique within the industry. However, if we are not able to sustain these relationships, or if more pharmaceutical companies decide to buy directly from fractionators, our business and future growth could be adversely affected.

Our primary competitors include companies such as Serological Corporation, NABI and Boston Biomedica, Inc. all of which are larger companies than our company. See "Risk Factors -- Following the Spin-Off, We Will Be a Smaller Company Which May Be Perceived Negatively By Our Customers."

Employees

As of June 30, 2001, we employed 25 full time employees, including our corporate office staff. All were located in Oceanside, California.

We believe that the relations between our employees and us are good, although there can be no assurances that such relations will continue. If we are unable to attract or retain qualified personnel there could be a material adverse effect on our business.

Our Facilities

Our principal executive offices are located in Oceanside, California. This building is approximately 18,000 square feet and includes our corporate offices and our manufacturing facility.

Legal Proceedings

There are no material pending legal proceedings, however the Company is a party, or our property is subject, to routine litigation occurring in the normal course of our operations. One arbitration was settled in July by SeraCare involving a dispute over the earn out provision of a purchase agreement. The resolution involved no cost to the Company.

ARRANGEMENTS WITH SERACARE RELATING TO THE SPIN-OFF

For the purpose of governing certain of the relationships between SeraCare and Life Sciences relating to the spin-off and to provide for an orderly transition and for other matters, SeraCare and Life Sciences have entered or will enter into the agreements described below, copies of which have been filed as exhibits to the Registration Statement of which this Information Statement is a part. The following summaries of the material terms of these agreements are qualified by reference to the agreements as so filed.

Master Separation and Distribution Agreement

Life Sciences and SeraCare have entered into a Master Separation and Distribution Agreement which outlines the general terms and conditions of the separation and distribution and the general intent of the parties as to how these matters will be undertaken and completed.

The Separation. The separation is scheduled to occur on or around _____ __, 2001. On the separation date, the following agreements with SeraCare that govern the transfer of assets and liabilities from SeraCare to us and the various relationships between SeraCare and us following the separation date will become effective. These ancillary agreements include:

- A General Assignment and Assumption Agreement;
- An Employee Matters Agreement;
- A Tax Sharing Agreement;
- A Trademark License Agreement
- A Supply and Services Agreement; and

. An Amendment to the Albumin Supply Agreement

Covenants. In addition to the specific agreements contained in the Ancillary Agreements, we have agreed with SeraCare:

. Information Exchange. to maintain and share information with SeraCare so that the requesting party may (i) comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) use such information in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation or other similar requirements, (iii) comply with its obligations under the Separation Agreement or related agreement or (iv) use such information in connection with the ongoing businesses of SeraCare or Life Sciences;

. Consistency with Past Practices. at all times prior to the Separation, to conduct our business in the ordinary course, consistent with past practices, including, without limitation, financial accounting for inter-company inventory transfers and receivables;

. Dispute Resolution. We have agreed that any disputes arising out of the Separation Agreement shall be first subject to negotiation and then arbitration in New York under the rules of the American Arbitration Association;

. Payment of Expenses. Except as otherwise provided in the Separation Agreement or any agreement contemplated thereby or in connection with the separation or distribution, SeraCare will be responsible for all costs and expenses incurred by the parties in connection with the Separation and Distribution.

No Representations and Warranties. SeraCare is not making any promise to us regarding:

. the value of any asset that SeraCare is transferring under the Master Separation and Distribution Agreement;

. whether there is a lien or encumbrance on any asset SeraCare is transferring under the Master Separation and Distribution Agreement;

. the absence of any defenses or freedom from counterclaim with respect to any claim SeraCare is transferring under the Master Separation and Distribution Agreement; or

. the legal sufficiency of any conveyance of title to any asset SeraCare is transferring under the Master Separation and Distribution Agreement.

Non-Competition Agreement. The Master Separation and Distribution Agreement provides that we shall not, and we shall cause our subsidiaries (if any) not to, engage in the business of owning and/or operating plasma collection facilities in the United States for five years following the distribution. In addition, for two years following the date of the agreement, no officer or director of the Company will solicit any employee of SeraCare to accept employment with Life Sciences, or assist any other entity in hiring such employee, and Life Sciences will use reasonable efforts to prevent employees or affiliates from making such solicitations.

Mutual Releases and Indemnification. We have agreed with SeraCare to release each other from any and all liabilities whatsoever arising before the separation date. In addition, SeraCare has agreed to indemnify us against all liabilities that relate to (i) the Life Sciences Business prior to the separation date to the extent that such items are the responsibility of SeraCare pursuant to the Master Separation Agreement and Distribution Agreement or related documents; (ii) the SeraCare business or any liability of subsidiaries of SeraCare other than the liabilities of Life Sciences identified in the General Assignment and Assumption Agreement; or (iii) any breach by SeraCare or any subsidiary of SeraCare of the Master Separation Agreement and Distribution Agreement or any of the related agreements. We have agreed to indemnify SeraCare from and against any and all liabilities that any third party seeks to impose upon SeraCare, or which are imposed upon SeraCare, and that primarily relate to (i) the Life Sciences business prior to the separation date; (ii) the Life Sciences business after the separation date; (iii) any Life Sciences liability or contract; (iv) any breach by Life Sciences of the Separation Agreement or any of the ancillary agreements; or (v) any liabilities arising in connection with or resulting from the Form 10 Registration Statement filed with the SEC in connection with the spin-off or this Information Statement.

General Assignment and Assumption Agreement

We have entered into a General Assignment and Assumption Agreement with SeraCare which identifies the assets and liabilities relating to our business that SeraCare will transfer to us and which we will accept from SeraCare as part of the separation. This agreement also describes how and when the transfer will occur.

Assets of Life Sciences. We will be entitled to retain, or receive from SeraCare at the separation, the categories of assets listed below:

- assets listed in our balance sheet as of February 28, 2001, subject to any dispositions of such assets subsequent to February 28, 2001;
- assets used primarily in our business which would be reflected on our balance sheet using consistent accounting policies and in the ordinary course of business;
- any claims or rights that primarily relate to our business;
- contracts relating primarily to our business;
- assets primarily relating to any of our liabilities;
- our rights under SeraCare's insurance policies;
- legal and equitable remedies associated with certain litigation associated with our business; and
- a license to use the name "SeraCare".

All other assets, including any assets used in the collection of blood plasma, will be retained by, or transferred to, SeraCare at the time of the spin-off of Life Sciences.

Liabilities of Life Sciences. We will retain, or assume from SeraCare at the separation, the categories of liabilities listed below:

- liabilities reflected in our balance sheet as of February 28, 2001 to the extent such liabilities have not been satisfied or discharged subsequent to February 28, 2001;
- liabilities primarily related to our business, which would be reflected on our balance sheet using consistent accounting policies and in the ordinary course of business;
- any contingent liability that primarily relates to our business;
- all liabilities primarily relating to the operation of our business or any of our assets;
- the following scheduled liabilities:
  - any (i) damages, fees and expenses payable by SeraCare after June 10, 2001 in excess of $750,000 relating to a pending arbitration arising out of a dispute with the seller of Life Sciences to SeraCare over the application of the earn-out provisions in the stock purchase agreement relating to SeraCare's original acquisition of Life Sciences, and (ii) other indemnification obligations under the stock purchase agreement relating to our original acquisition of Life Sciences;
  - all liabilities and obligations under the collaboration agreement with Quest Diagnostics Incorporated (other than payments due in connection with the merger with Instituto Grifols with respect to a warrant to purchase 1,748,605 shares of SeraCare common stock held by Quest Diagnostics Incorporated);
  - all liabilities, costs and expenses related to certain litigation associated with our business; and

  - liabilities arising from the Form 10 Registration Statement and this Information Statement.

Liabilities that will be retained by SeraCare include:

* any damages, fees and expenses payable by SeraCare after June 10, 2001 up to $750,000 relating to the pending arbitration arising out of a dispute with the seller of Life Sciences to SeraCare over application of the earn-out provisions in the purchase agreement relating to SeraCare's original acquisition of Life Sciences;

* attorneys' fees, financial advisors' and investment banking fees, accountant's fees and other expenses incurred by SeraCare or SeraCare in connection with the merger and spin-off;

* liabilities relating to the business of the collection of blood plasma; and

* liabilities relating to payments due from Instituto Grifols to Quest Diagnostics Incorporated under its warrant described above.

Employee Matters Agreement

On or before the distribution, Life Sciences intends to adopt 401(k) and health and welfare benefit plans for its employees. Life Sciences' employees will continue to participate in SeraCare's 401(k) and health and welfare benefit plans until the time that the Life Sciences plans are effective, and Life Sciences will bear the costs of such benefits as a "participating subsidiary" in SeraCare's plans. Life Sciences' employees will receive eligibility and vesting service credit under the Life Sciences plans for their period of employment by Life Sciences and/or SeraCare prior to the distribution. After the establishment of the Life Sciences plans, SeraCare will transfer Life Sciences' employees' 401(k) plan and flexible spending accounts under SeraCare's plans to the Life Sciences plans and the Life Sciences plans will assume the related benefit obligations.

Tax Sharing Agreement

SeraCare and Life Sciences have entered into a tax sharing agreement that generally sets forth each party's rights and obligations regarding payments and refunds, if any, with respect to taxes for periods before and after the spin-off and related matters such as the filing of tax returns and the conduct of audits and other proceedings involving claims made by taxing authorities.

Under the tax sharing agreement, SeraCare will prepare and file all federal, state, and local income tax returns for the taxable year that includes the distribution date. These returns will include income, gains, losses and other tax items of Life Sciences only through the distribution date. We will prepare and file our separate income tax returns for all periods after the distribution date. SeraCare will be liable for our income taxes through June 10, 2001. We will determine and pay SeraCare the amount of taxes for which we would be directly liable had we filed returns on a separate company basis based solely upon our own items of income, gain, loss and deduction for the period between this date and the distribution date. We will have the right to be involved in any audit of SeraCare's income tax returns, to the extent such an audit would affect our income tax liability for any period. We will be entitled to tax refunds, and we have indemnification obligations to SeraCare, with respect to our own tax liability, as allocated above. Similarly, SeraCare will be entitled to tax refunds, and SeraCare will have indemnification obligations to us, with respect to its tax liability.

Supply and Services Agreement

SeraCare has agreed to supply Life Sciences with certain plasma products (Reactive Units; Orphan Plasma; Male A/B Plasma; and Antibody Positive and Antibody Negative Plasma) until January 2006, at prices which will be agreed upon on an annual basis. SeraCare will also provide plasmapheresis services on donors referred by Life Sciences, including bleeding, testing and delivering the plasma to Life Sciences. The plasma provided by SeraCare pursuant to the agreement will be subject to minimum quality specifications set forth in the agreement, and will be subject to specifications for delivery, storage and handling of the plasma in accordance with applicable laws, industry standards and good manufacturing practices.

In connection with a supply agreement, Life Sciences will grant to Instituto Grifols, or its affiliates, a warrant to purchase 10% of the outstanding common stock of Life Sciences at an exercise price equal to the average closing prices of the common stock of Life Sciences for the twenty days following the distribution.

Trademark License Agreement

SeraCare will grant a perpetual license to Life Sciences to use the registered service mark "SeraCare" in its business, subject to SeraCare's right to continue to use the service mark "SeraCare" in its business. The license agreement sets forth certain quality controls that Life Sciences must adhere to, and failure to do so, or any other material breach of the license agreement, gives SeraCare the right to terminate the license agreement. The license agreement also gives Life Sciences a right of first refusal to purchase the service mark if SeraCare ceases to continue to use the mark and attempts to assign or transfer it to a third party.

In addition, SeraCare will transfer the rights to the domain name SeraCare.net to Life Sciences.

Amendment to Albumin Supply Agreement

In June 1999, SeraCare and Instituto Grifols, S.A. entered into an Albumin Supply Agreement pursuant to which Grifols supplies Human Albumin to SeraCare. SeraCare, Life Sciences and Grifols have entered into an amendment to the Albumin Supply Agreement which provides that effective upon the closing of the merger, SeraCare will assign its rights under the agreement to Life Sciences, and the term shall extend until March 31, 2006.

The Albumin supplied to us under this agreement is for use by third parties only as raw material, for the purpose of manufacturing the specific products listed in the Albumin Supply Agreement. The agreement further sets forth the quality and technical specifications of the Albumin, the annual quantity and price of Albumin to be supplied, which will be mutually agreed upon annually.

MANAGEMENT

Directors and Executive Officers

Set forth below are the names, ages, positions and offices to be held with us, and principal occupations and employment during the past five years, of those individuals who are expected to serve as our directors and executive officers immediately following the spin-off:

<TABLE>
<CAPTION>

Name	Age	Position	Director/ Officer Since
<S>	<C>	<C>	<C>
Barry D. Plost	55	Chairman of the Board and interim Chief Executive Officer	1998
Michael F. Crowley II	34	President and Chief Operating Officer	2000
Jerry L. Burdick	61	Director and interim Chief Financial Officer	1998
Samuel Anderson	64	Director	2001
Ezzat Jallad	38	Director	2001
Dr. Nelson Teng	54	Director	2001
Robert J. Cresci	57	Director	2001
Dr. Bernard Kasten	54	Director	2001

</TABLE>

Barry D. Plost began serving as Chairman, President and Chief Executive Officer of SeraCare on February 6, 1996. Mr. Plost became Chairman of Life Sciences when SeraCare acquired Life Sciences in January 1998, and following the spin-off Mr. Plost will serve as our interim Chief Executive Officer and Chairman. Prior to joining SeraCare, he was a management consultant with the management consulting firm of David Barrett, Inc. for the period January 1995 until February 6, 1996. Mr. Plost was President and Chief Executive Officer of Country Wide Transport Services, Inc., a trucking company, from February 1991 through June 1994, and President and Chief Operating Officer of Freymiller Trucking, Inc., a trucking company, from November 1979 through August 1991. Mr. Plost also serves on the board of directors of the American Blood Resources Association.

Jerry L. Burdick has served as Executive Vice President, Secretary and a director of SeraCare since December 1, 1995 and as Chief Financial Officer of SeraCare from December 1, 1995 through September 8, 1999, as Acting Chief Financial Officer from November 30, 1999 through December 31, 1999 and was reappointed Chief Financial Officer effective January 1, 2000. Mr. Burdick has served as Chief Financial Officer and a director of Life Sciences since SeraCare acquired Life Sciences in January 1998, and will continue to serve in such positions on an interim basis following the spin-off. From August 1993 through

March 1995, Mr. Burdick was a consultant to SeraCare and served as acting Controller and Chief Financial Officer. Mr. Burdick is a Certified Public Accountant in the State of California and has held senior financial positions with various companies including International Rectifier Corporation and Getty Oil Company.

Samuel Anderson was elected a director of SeraCare effective April 16, 1996, and is expected to become a member of our board effective upon the spin-off. Since April of 1996, Mr. Anderson has also been a consultant to SeraCare in the areas of finding and evaluating potential acquisitions, helping

SeraCare in developing a strategic plan for increasing the volume of hyperimmune plasma collected including targeting the particular type of hyperimmune SeraCare should target, and advising the Chief Executive Officer of SeraCare on industry trends and potential changes in regulations and the ramifications thereof. Mr. Anderson's role is strictly advisory. Since March 1991, Mr. Anderson has served as a consultant to various companies in the plasma business and specifically in pharmaceutical products, fractionation and hyperimmune plasma. From March 1990 to March 1991, Mr. Anderson served as president of Trancel, Inc., a start-up bio-tech development company in the area of insulin dependent diabetes and prior to that served as Chairman and Chief Executive Officer of Alpha Therapeutic Corporation, a manufacturer of pharmaceutical products and also the largest plasma collection company and fractionator in the world, until he retired in February 1990. Mr. Anderson also serves on the boards of Hycor Biomedical, Inc. and Cypress Bioscience, Inc.

Ezzat Jallad was elected a director of SeraCare effective October 28, 1996, and is expected to become a member of our board effective upon the spin-off. For the last five years, Mr. Jallad has been an investor and financial consultant. Previously, he was Executive Vice President of FCIM Corporation, a financial consulting firm, from April 1988 to May 1995. Mr. Jallad also serves on the board of Chili-Up, Inc.

Dr. Nelson Teng was elected a director of SeraCare effective January 29, 1997, and is expected to become a member of our board effective upon the spin-off. Dr. Teng has been the director of Gynecologic Oncology and Associate Professor of Gynecology and Obstetrics at Stanford University School of Medicine since 1981. Dr. Teng also co-founded ADEZA Biomedical in 1984, and UNIVAX Biologics in 1988. In addition, Dr. Teng has served as a scientific advisor and consultant to several biotechnology companies and venture capital firms and has authored over 100 publications and 15 patents. Dr. Teng serves on several other boards of directors.

Robert J. Cresci was elected a director of SeraCare effective April 15, 1998, and is expected to become a member of our board effective upon the spin-off. Mr. Cresci has been a managing director of Pecks Management Partners Ltd., an investment management firm, since September 1990. Mr. Cresci currently serves on the boards of Sepracor, Inc., Aviva Petroleum Ltd., Film Roman, Inc., Castle Dental Centers, Inc., j2 Global Communications, Inc., Candlewood Hotel Co., Inc., E-Stamp Corporation and several private companies. Pursuant to the Securities Purchase Agreement signed by SeraCare in February 1998, and related to the subordinated debentures, Pecks Management Partners Ltd received the right to nominate one member to SeraCare's board of directors. Mr. Cresci has served as the Pecks Management Partners Ltd nominee on SeraCare's board since April 15, 1998.

Dr. Bernard Kasten was elected a director of SeraCare effective March 30, 2001, and is expected to become a member of our board effective upon the spin-off. Dr. Kasten is Vice President of Business Development for Medicine and Science for Quest Diagnostics, Inc., a position he has held since 1996. Dr. Kasten also serves on the Scientific Advisory Board of Structural Bio Informatics Inc., a company which specializes in genomic based protein modeling and therapeutic drug design. Pursuant to the collaboration agreement with Quest Diagnostics dated January 1, 2001, Quest Diagnostics received the right to nominate one member to SeraCare's board of directors. Dr. Kasten is currently serving as Quest Diagnostics' nominee on SeraCare's board of directors.

Michael Crowley II has been President and Chief Operating Officer of Life Sciences since November 2000, and prior to his role as President he was Vice President of Operations from January 1998 to November 2000. Mr. Crowley has been employed by Life Sciences since 1986.

Board Structure and Compensation

Currently, our board of directors consists of two members, Jerry Burdick and Barry Plost. Our board of directors is expected to consist of 7 authorized members as of the spin-off. Our directors are not compensated for their services, but are reimbursed for reasonable costs associated with

attendance at board meetings.

Committees of Our Board of Directors

In addition to other committees established by our board of directors from time to time, our board will establish the following committees:

Audit Committee:

The Audit Committee is expected to consist of Bob Cresci, Ezzat Jallad and Nelson Teng. The Audit Committee recommends to the Board the independent auditors to be selected to audit the Company's annual financial statements and approves any special assignments given to such auditors. The Audit Committee also reviews the planned scope of the annual audit and the independent auditors' letter of comments and management's responses thereto, any major accounting changes made or contemplated and the effectiveness and efficiency of the Company's internal accounting staff.

Compensation Committee

The Compensation Committee is expected to consist of Sam Anderson and Ezzat Jallad. The Compensation Committee establishes remuneration levels for executive officers of the Company, reviews management organization and development and reviews significant employee benefit programs.

Compensation Committee Interlocks and Insider Participation

During the last completed fiscal year, we did not have a Compensation Committee. Our directors, Jerry Burdick and Barry Plost performed the functions relating to executive officer compensation. Mr. Burdick is an officer of Life Sciences and of SeraCare, and Mr. Plost is an officer of SeraCare.

After the spin-off, the Compensation Committee is expected to consist of Sam Anderson and Ezzat Jallad, neither of whom are either an officer or employee of SeraCare or Life Sciences.

Employment Arrangements

Our parent, SeraCare Inc., is a party to employment agreements with: (1) Mr. Plost, SeraCare's Chairman of the Board, President and Chief Executive Officer, and currently our Chairman of the Board and Interim Chief Executive Officer (ii) Mr. Burdick, Executive Vice President, Chief Financial Officer and Secretary of SeraCare and currently our Interim Chief Financial Officer; (iii) and Michael F. Crowley II, our President. After the spin-off Mr. Plost and Mr. Burdick shall continue to serve in their current positions with SeraCare. In addition, after the spin-off, Mr. Plost will serve as interim Chairman of the Board and Chief Executive Officer and Mr. Burdick will serve as interim Chief Financial Officer until replacements can be selected. In conjunction with the spin-off, the agreement with Mr. Crowley will be assigned to Life Sciences.

Under Mr. Plost's employment agreement with SeraCare, Mr. Plost is entitled, effective February 1, 2001, to base annual compensation of $300,000 plus an auto allowance of $750 per month. The term of Mr. Plost's employment under this agreement expires on February 5, 2002. In addition, under a February 2001 amendment to Mr. Plost's employment agreement, SeraCare agreed to grant Mr. Plost an option to purchase 200,000 shares of SeraCare's common stock at an exercise price of $3.25 per share, subject to

cliff vesting at the end of seven years. Such vesting may accelerate based on the performance of SeraCare, and such option will accelerate upon the merger with Grifols.

Mr. Burdick's employment agreement with SeraCare provides that, effective February 1, 2001, Mr. Burdick is entitled to an annual salary of $175,000 and an automobile allowance of $750 per month. The term of Mr. Burdick's employment under this agreement expires on February 6, 2003. In addition, under a February 2001 amendment to Mr. Burdick's employment agreement, SeraCare agreed to grant Mr. Burdick an option to purchase 100,000 shares of SeraCare's common stock at an exercise price of $3.25 per share, subject to cliff vesting at the end of seven years. Such vesting may accelerate based upon certain criteria including the performance of the Company. Such option will accelerate upon the merger with Grifols. Mr. Burdick's agreement contains a provision whereby he will be entitled to receive all compensation he is otherwise entitled to under that agreement if his position is eliminated after a change in control. Mr. Burdick will serve as interim Chief Financial Officer of Life Sciences until a replacement can be selected.

Mr. Crowley's employment agreement with SeraCare, entered into on November 1, 2000, provides that Mr. Crowley is entitled to an annual salary of $145,000 per year, and a performance bonus of $50,000 at the end of fiscal years 2002 and 2003 if Life Sciences equals or exceeds budgeted net income for that

year. The term of Mr. Crowley's employment under this agreement expires on February 28, 2003. In conjunction with the spin-off, this agreement will be assumed by Life Sciences.

Summary Compensation Table

The following table sets forth certain compensation information concerning the annual and long-term compensation for services rendered by SeraCare's Chief Executive Officer and Chief Financial Officer and our President for the fiscal years ended February 1999, 2000 and 2001. Compensation paid by SeraCare to SeraCare's Chief Executive Officer and Chief Financial Officer includes compensation for their services to our company.

<TABLE>
<CAPTION>

		Annual Compensation (1)		Long-Term Compensation Awards	
Name and Principal Position	Fiscal Year	Salary	Bonus	Securities Underlying Options (Shares)(5)	All Other Compensation
<S>	<C>	<C>	<C>	<C>	<C>
Barry Plost	2001	$251,923	--	200,000 (2)	--
Chairman and CEO of SeraCare	2000	250,000	$61,947	--	--
Chairman and Interim CEO of Life Sciences	1999	225,000	--	--	--
Jerry Burdick	2001	$141,346	--	100,000 (3)	$9,000
Executive VP and CFO of SeraCare	2000	140,000	$34,690	25,000	$9,000
Interim CFO of Life Sciences	1999	140,000	--	32,000	$9,000
Michael F. Crowley II	2001	$116,624	--	110,000 (4)	$5,200
President and Chief Operating Officer of Life Sciences	2000	91,666	65,250	--	$1,450
	1998	66,875	10,000	--	--

</TABLE>

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(1) The annual compensation reported does not include the value of certain perquisites which in the aggregate did not exceed the lesser of either $50,000 or 10% of the total of annual salary and bonus for the named executive.

(2) SeraCare granted Mr. Plost an option with seven year cliff vesting to purchase 200,000 shares of SeraCare's common stock on January 10, 2001 at an exercise price of $3.25 per share. Such option expires three years from the vesting date. Upon the merger with Grifols, this option will accelerate and become fully vested.

(3) SeraCare granted Mr. Burdick an option with seven year cliff vesting to purchase 100,000 shares of SeraCare's common stock on January 10, 2001 at an exercise price of $3.25 per share. Such option expires three years from the vesting date. Upon the merger with Grifols, this option will accelerate and become fully vested.

(4) SeraCare granted Mr. Crowley (i) an option with seven year cliff vesting to purchase 100,000 shares of SeraCare's common stock on January 10, 2001 at an exercise price of $3.12 per share, and such option expires three years from the vesting date and will accelerate and become fully vested upon the merger with Grifols, and (ii) a fully vested option to purchase 10,000 shares of SeraCare's common stock on May 22, 2000 at an exercise price of $2.31 per share, and such option expires on May 21, 2003.

(5) All options granted relate to shares of SeraCare common stock, and have not been adjusted to reflect the spin-off.

Option Grants During the Last Fiscal Year

The following table shows all grants of options to acquire shares of SeraCare common stock granted to the executive officers named in the Summary Compensation Table above during the fiscal year ended February 28, 2001.

<TABLE>
<CAPTION>

	Number of Securities Underlying Options(2)	% of Total Options Granted to Employees in Fiscal	Exercise or Base Price	Expiration	Potential Realizable Value at Assumed Rates of Stock Price Appreciation for Option Term (1)

Name	Granted	Year	($/Share)	Date	5% $	10% $
Barry Plost	200,000	34%	$3.25	1-12-2011	$408,782	$1,035,932
Jerry Burdick	100,000	17%	3.25	1-12-2011	204,391	517,966
Michael F. Crowley II	100,000	18.7%	3.25	1-10-2011	204,391	517,966
	10,000		2.31	5-22-2003	4,369	8,486

(1) The potential realizable values are based on an assumption that the stock price of the common stock will appreciate at the annual rate shown (compounded annually) from the date of grant until the end of the option term. These values do not take into account amounts required to be paid as income taxes under the Internal Revenue Code and any applicable state laws or option provisions providing for termination of an option following termination of employment, non-transferability or vesting. These amounts are calculated based on the requirements promulgated by the Securities and Exchange Commission and

(2) All options granted relate to shares of SeraCare common stock, and have not been adjusted to reflect the spin-off.

do not reflect an estimate of future stock price growth of the shares of the common stock.

(2) In connection with the spin-off, each of the named executives will be granted an option to purchase common stock of Life Sciences having the same terms as the options described below, except that the number of shares will be adjusted for the 2 for 5 distribution ratio and the exercise price will equal 2.5 times the product of (i) the exercise price of the SeraCare option and (ii) .079.

Aggregated Option Exercises in the Last Fiscal Year

The following table contains information regarding unexercised options to buy common stock of SeraCare as of February 28, 2001. None of the executive officers exercised any options during fiscal 2001.

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year End (#)(2) Exercisable	Number of Securities Underlying Unexercised Options at Fiscal Year End (#)(2) Unexercisable	Value of Unexercised In-The-Money Options at Fiscal Year End ($)(1) Exercisable	Value of Unexercised In-The-Money Options at Fiscal Year End ($)(1) Unexercisable
Barry Plost	--	--	2,271,158	200,000	$4,939,435	$350,000
Jerry Burdick	--	--	146,610	100,000	$ 293,988	$175,000
Michael F. Crowley II	--	--	10,000	100,000	$ 26,900	$175,000

(1) Based on the closing sale price of the common stock of SeraCare on February 28, 2001 of $5.00, as reported by the American Stock Exchange, less the option exercise price.

(2) All options relate to shares of SeraCare common stock, and have not been adjusted to reflect the spin-off.

Benefit Plans Following the Spin-Off

Management Incentive Bonus Plan. The Company administers a purely discretionary Management Incentive Bonus Plan.

Deferred Compensation Plan

Prior to the spin-off, we will have established a 401(k) plan for our employees on terms substantially similar to the SeraCare 401(k) Plan and the account balances of our employees under the SeraCare 401(k) Plan will be transferred directly to our new plan. Until we establish our new plan, our employees will continue to participate in the SeraCare 401(k) Plan that is maintained for the benefit of our employees. After the spin-off, our 401(k) Plan is expected to offer, along with other funds, two common stock funds as

investment alternatives: (i) our common stock fund and (ii) a SeraCare common stock fund. Our plan participants will be able to increase their holdings in our stock fund but not in the SeraCare common stock fund. On or before December 31, 2002, any investments in the SeraCare stock fund under our 401(k) Plan will be liquidated and the proceeds transferred to the Life Sciences common stock fund under our plan and the SeraCare common stock investment alternative under our plan will be terminated. SeraCare employees' investments in our common stock under the SeraCare 401(k) Plan will

similarly be limited and such investments in our common stock under the SeraCare 401(k) Plan will similarly be liquidated and the proceeds transferred to the SeraCare common stock fund under that plan.

Other Benefit Plans

It is expected that we will adopt a number of plans to provide certain employee welfare benefits to our active employees as well as our retirees after the spin-off, including medical, short and long-term disability, life insurance, severance and other benefits, and our board of directors will reserve the right to amend, suspend or terminate any of these welfare plans.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

SeraCare beneficially and of record holds, and will hold before the spin-off, all of the outstanding shares of our common stock. The table below sets forth the number of shares of our common stock expected to be beneficially owned following the spin-off, directly or indirectly, by each person known to us who is expected to own beneficially more than five percent of our outstanding common stock, each director, each of our executive officers and all of our directors and executive officers as a group, based on an anticipated 5,433,468 shares outstanding after the spin-off.

<TABLE>
<CAPTION>

	Shares of Common Stock Beneficially Owned/(1)/	
Individual / Group	Amount and Nature of Beneficial Ownership	Percent of Class
<S>	<C>	<C>
Barry D. Plost	1,093,757 (2)	17.03%
Jerry L. Burdick	115,444 (3)	2.09
Dr. Nelson Teng	190,000 (4)	3.46
Samuel Anderson	177,546 (5)	3.20
Ezzat Jallad	22,000 (6)	*
Robert Cresci	6,000 (7)	*
Dr. Bernard Kasten	--	--
Michael F. Crowley II	44,000 (8)	*
All officers and directors (8 persons)	1,648,747	24.41
Other beneficial owners:		
Pecks Management Partners, Ltd.	1,459,439 (9)	26.86
Instituto Grifols, S.A.	543,346 (10)	9.09

</TABLE>

* less than one percent

(1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options or warrants held by that person

that are currently exercisable or will become exercisable within 60 days after June 30, 2001, are deemed outstanding; such shares are not deemed outstanding for purposes of computing percentage ownership of any other person. Unless otherwise indicated below, the person and entities named in the table have sole voting and investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

(2) Amount includes 105,295 shares of common stock and 988,462 shares of common stock issuable upon exercise of options that are currently exercisable or will become exercisable within sixty days following June 30, 2001.

(3) Amount includes 16,800 shares of common stock and 98,644 shares of common stock issuable upon exercise of options that are currently exercisable or will become exercisable within sixty days following June 30, 2001.

(4) Amount includes 126,000 shares of common stock and 64,000 shares of common stock issuable upon exercise of options that are currently exercisable or will become exercisable within sixty days following June 30, 2001.

(5) Amount includes 69,546 shares of common stock and 108,000 shares of common stock issuable upon exercise of options that are currently exercisable or will become exercisable within sixty days following June 30, 2001.

(6) Amount includes 10,000 shares of common stock and 12,000 shares of common stock issuable upon exercise of options that are currently exercisable or will become exercisable within sixty days following June 30, 2001.

(7) Amount includes 6,000 shares of common stock issuable upon exercise of options that are currently exercisable or will become exercisable within sixty days following June 30, 2001.

(8) Amount represents 4,000 shares of common stock issuable upon exercise of options that are currently exercisable and 40,000 shares that will become exercisable upon consummation of the merger.

(9) Pecks Management Partners, Ltd. is the investment advisor with respect to the 1,459,439 shares of common stock held by Fuelship & Co., Hare & Co., Nap & Co. and Northman & Co. The address of Pecks Management Partners, Ltd. is One Rockefeller Plaza, New York, New York 10020.

(10) Amount represents a warrant to be issued in connection with the execution and delivery of a supply and services agreement effective as of the spin-off. The address of Instituto Grifols, S.A. is c/o Probitas Pharma, C/ de la Marina, 16-18, Torre Mapfre, Pl. 27, 08005 Barcelona, Spain.

DESCRIPTION OF OUR CAPITAL STOCK

As of _____ __, 2001, our authorized capital stock consists of twenty five million shares of common stock, without par value per share and twenty five million shares of preferred stock. Approximately 5,443,468 shares of our common stock will be issued to stockholders of SeraCare in the spin-off.

Common Stock

Each share of our common stock will entitle its holder of record to one vote for the election of directors and all other matters to be voted on by the stockholders. Holders of our common stock will not have cumulative voting rights, except for the election of directors where a candidate or candidates' names have been placed in nomination prior to the voting and the shareholder has given notice, at the meeting and prior to voting, of the shareholder's intention to cumulate the shareholder's votes. If any one shareholder has given such notice, then all shareholders may cumulate their shareholder votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are normally entitled, or distribute the shareholder's votes on the same principle to among as many candidates as the shareholder thinks fit. As a result, in any election of directors, the candidates receiving the highest number of affirmative votes of the shares entitled to be voted up to the number of directors to be elected by such shares are elected; votes against the director and votes withheld have no legal effect.

If our Company becomes a "listed corporation" under the California Corporations Code, then our articles and bylaws provide that shareholders will no longer be able to cumulate votes for the election of directors. The Company will be deemed a "listed corporation" when it has outstanding shares listed on the New York Stock Exchange, the American Stock Exchange or on the National Market System of the Nasdaq Stock Market.

Holders of our common stock will be entitled to receive such dividends, if any, as may be declared from time to time by our board of directors in its discretion from funds legally available for that use. Subject to the rights of holders of preferred stock, holders of our common stock will be entitled to share on a pro rata basis in any distribution to stockholders upon our liquidation, dissolution or winding up. No holder of our common stock will have any preemptive right to subscribe for any of our stock or other security.

Preferred Stock

The board of directors of the Company will be authorized to provide for the issuance of preferred stock in one or more series and to fix the designations, preferences, powers and relative, participating, optional and other rights, qualifications, limitations and restrictions thereof, including the dividend rate, conversion rights, voting rights, redemption price and liquidation preference, and to fix the number of shares to be included in any such series. Any preferred stock so issued may rank senior to the Company's common stock with respect to the payment of dividends or amounts upon liquidation, dissolution or winding-up or both. In addition, any such shares of preferred stock may have class or series voting rights. Issuance of preferred stock, while providing the Company with flexibility in connection with general corporate purposes, may, among other things, have an adverse effect on the rights of holders of the Company's common stock, may have the effect of delaying, deterring or preventing a change in control of the Company without further action by shareholders, may discourage bids for the Company's common stock at a premium over the market price of the common stock, and may adversely affect the market price and the voting and other rights of the holders of the Company's common stock. At present, the Company has no plans to issue any shares of preferred stock.

CERTAIN PROVISIONS OF OUR GOVERNING DOCUMENTS

The following is a description of certain provisions of our amended and restated articles of incorporation and bylaws that will become effective immediately prior to the spin-off. The description is qualified in its entirety by reference to the full texts of the articles and bylaws. Certain provisions of our articles and bylaws could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from attempting to acquire, control of us, without the approval of our board of directors. These provisions are expected to discourage coercive takeover practices and inadequate takeover bids.

Board of Directors. Subject to Section 3.03 of the California Corporations Code, directors may be removed with or without cause by the affirmative vote of a majority of the total voting power of the Company's outstanding voting securities, voting together as a single class at a meeting specifically called for such purpose.

Vacancies. Vacancies on the board, from newly created directorships, resignations or expiration of terms, will be filled by the majority vote of the directors present and voting at a meeting of the board duly called and held at which a quorum is present or by unanimous written consent of the directors. Shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors with the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present.

Executive Officers. The bylaws provide that the officers of the Company will be a President, Secretary and Chief Financial Officer, and such other officers as may be determined by the board.

Board Meetings

Calling of Meeting. The board will have an annual meeting and will hold regular meetings as provided in a resolution duly adopted by the board. Special meetings of the board may be called by the chairman of the Board, the president, any vice president or the secretary, or by any two directors, or by one or more shareholders holding not less than 25% of any series of Preferred Stock of the corporation.

Quorum and Voting. A majority of the total number of board members will constitute a quorum. Directors present at any meeting at which a quorum is present may act by majority vote.

Shareholder Meetings

Annual Meeting. An annual meetings of shareholders shall be held on such dates and at such times designated by the board of

directors and stated in the notice of the meeting given to each shareholder. At the annual meeting, directors shall be elected, reports of the affairs of the corporation shall be considered, and any other business may be transacted which is within the powers of the shareholders. Notice of the meeting must be given as provided in the bylaws.

Special Shareholder Meetings. Our bylaws provide that special meetings of the shareholders may be called at any time by the board of directors, the Chairman of the Board, the Chief Executive Officer or President, or by one or more shareholders entitled to cast not less than ten percent (10%) of the votes at the meeting. No shareholder action may be taken without a meeting, and the certificate of incorporation expressly denies the power of shareholders to consent in writing without a meeting.

Quorum. Except as otherwise provided in the certificate of incorporation, the bylaws or by law, and subject to the rights of holders of any preferred stock, the holders of a majority in total voting power of the Company's outstanding shares of stock entitled to vote constitutes a quorum for the transaction of business.

Voting. Except in connection with cumulative voting rights for the election of directors described under "--Common Stock" above, holders of common stock will be entitled to one vote for each share of such stock held on all matters presented to such shareholders. Except as otherwise provided by the Articles, the bylaws or by law, and subject to the rights of holders of any preferred stock, at any meeting duly called and held at which a quorum is present, the affirmative vote of a majority of the total voting power of shares present in person or represented by proxy and entitled to vote on the subject matter is required for shareholders to act.

Notice of Business. A shareholder may bring business before an annual meeting of shareholders by giving timely notice in writing to the Company's Secretary in accordance with the provisions of the bylaws. Shareholders with sufficient voting power to request a special meeting may bring business before such meeting by specifying it in such request.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock will be American Stock Transfer and Trust, 6201 15th Avenue, Brooklyn, New York 11219.

LIABILITY AND INDEMNIFICATION OF OUR OFFICERS AND DIRECTORS

Under our bylaws, the liability of our directors for monetary damages has been eliminated to the fullest extent under California law.

Section 317(d) of the California Corporations Code (the "CCC") requires that a corporation indemnify its officers and directors against losses or expenses incurred in litigation arising out of their activities on behalf of the corporation. Article VI, Section 11 of our bylaws authorizes us to provide indemnification to officers and directors in excess of the CCC Section 317(d)'s statutory limit.

We are also authorized to maintain, and do maintain, insurance on behalf of any person who is or was one of our directors or officers, or is or was serving at our request as a director, officer, employee or agent of another entity against any liability asserted against such person and incurred by such person in any such capacity or arising out of his or her status as such, whether or not we would have the power to indemnify such person against such liability under the CCC Section 317(i).

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

At various times during the year ended February 28, 1998, SeraCare entered into agreements with Mr. Barry Plost, SeraCare's president and Life Sciences interim CEO and director, which provided for loans totaling $1,325,000, of which $472,500 were still outstanding as of February 28, 2001. These loans were due upon demand, and were secured by all the assets of SeraCare. The loans accrued interest at ten and twelve percent per annum. In connection with these loans, SeraCare granted options to Mr. Plost to purchase 742,500 and 116,000 shares of restricted common stock of SeraCare at $2.00 and $3.00 per

share, which was at the then fair market value, respectively. In addition, in

conjunction with the January 1998 bridge loan, Mr. Plost made a bridge loan to SeraCare totaling $200,000. Terms of the bridge loan agreement were exactly the same as the terms other bridge loans made by related parties in January 1998 (see above). In February 1998 the warrants received in connection with the bridge loan were exchanged for 100,000 shares of common stock of SeraCare. During 1998, SeraCare repaid $1.250 million of such loans. In December 1998 in conjunction with a senior debt facility with Brown Brothers & Harriman and State Street Bank, Mr. Plost signed a subordination agreement relating to $472,500, whereby Mr. Plost agreed to forego payment until all senior debt had been paid in full. As of February 28, 2001, $472,500 was outstanding. In November 2000 Mr. Plost made a bridge loan to SeraCare totaling $150,000 and received 37,500 warrants to purchase common stock of SeraCare at $3.125 which was the market value on such date. As of February 28, 2001 such amount was still outstanding.

In November 2000 Mr. Anderson and Mr. Burdick made bridge loans of $100,000 and $90,000 respectively and received 25,000 and 22,500 warrants to purchase common stock of SeraCare at $3.125 which was the market value on such date. These amounts were still outstanding as of February 28, 2001.

On February 16, 2001, Mr. Anderson and Mr. Teng made bridge loans of $200,000 each to SeraCare and each director received 80,000 warrants to purchase common stock of SeraCare at $3.75 which was the market value on such date. These amounts were still outstanding as of February 28, 2001.

In December 2000, in connection with the private placement of common stock of SeraCare, SeraCare issued shares of common stock to Samuel Anderson, a director of SeraCare and designated director of Life Sciences, and Jerry Burdick, a director and executive officer of SeraCare and Life Sciences.

In February 2001, in connection with the private placement of notes and warrants, SeraCare issued notes and warrants to Stranco Investments Ltd, an affiliate of Ezzat Jallad, a director of SeraCare and designated director of Life Sciences.

In connection with the spin-off and merger we will issue Instituto Grifols, S.A. a warrant to purchase approximately ten percent of the outstanding shares of our common stock. The warrant will be issued in connection with a Supply and Services Agreement between Life Sciences and SeraCare. See "Arrangements with SeraCare Relating to the Spin-off" at page __ for a description of the Supply and Services Agreement and warrant, the Albumin Supply Agreement with Instituto Grifols, S.A. and other agreements between Life Sciences and SeraCare. As of the date of the spin-off, the net intercompany amount due from Life Scinces to SeraCare will be deemed additional investment in Life Sciences by SeraCare and will be recorded as an additional investment in the Company. Accordingly, if the spin-off had taken place as of May 31, 2001, Advances from parent would be zero and additional paid-in capital of Life Sciences would have been increased by $11,146,204.

AVAILABLE INFORMATION

We have filed a Registration Statement on Form 10 with the Securities and Exchange Commission with respect to our common stock. The Registration Statement and the exhibits to it contain some information not appearing in this Information Statement. This Information Statement provides a summary of some of the agreements and contracts appearing as exhibits to the Registration Statement. You are encouraged to see the exhibits to the Registration Statement for a more complete description of the contracts and agreements summarized in this Information Statement.

You may access and read the Registration Statement and all of the exhibits to it through the SEC's Internet site at www.sec.gov. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. You may also read and copy any document we file at the SEC's public reference room located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

After the spin-off, we will be required to file annual, quarterly and special reports and other information with the SEC. We will also be subject to proxy solicitation requirements. Once filed, you can access this information from the SEC in the manner set forth in the preceding paragraph.

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SeraCare Life Sciences, Inc.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors and Stockholders
SeraCare Life Sciences, Inc.

We have audited the accompanying balance sheets of SeraCare Life Sciences, Inc. (a wholly owned subsidiary of SeraCare, Inc.) as of February 28, 2001 and February 29, 2000 and the related statements of operations, stockholders' equity and cash flows for each of the three years in the period ended February 28, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SeraCare Life Sciences, Inc. as of February 28, 2001 and February 29, 2000 and the results of its operations and its cash flows for each of the three years in the period ended February 28, 2001, in conformity with accounting principles generally accepted in the United States of America.

BDO Seidman, LLP

Los Angeles, California
July 25, 2001

SeraCare Life Sciences, Inc.
Statements of Operations
(In whole $ except per share data)

<TABLE>
<CAPTION>

	Year Ended February 28, 2001	Year Ended February 29, 2000	Year Ended February 28, 1999
<S>	<C>	<C>	<C>
Revenues (Note 7)	$19,663,336	$16,219,056	$13,110,819
Cost of sales (Note 7)	13,197,646	12,057,761	9,448,220
Gross profit	6,465,690	4,161,295	3,662,599
General and administrative expenses	2,759,445	2,694,271	1,551,681
Operating income	3,706,245	1,467,024	2,110,918
Other income, net	11,488	7,597	12,344
Income before income taxes	3,717,733	1,474,621	2,123,262
Income taxes (Note 3)	1,524,271	604,595	870,537
Net income	$ 2,193,462	$ 870,026	$ 1,252,725
Earnings (loss) per common share			
Basic	$ 2,193.46	$ 870.03	$ 1,252.73
Diluted	$ 2,193.46	$ 870.03	$ 1,252.73
Weighted average shares outstanding			
Basic	1,000	1,000	1,000
Diluted	1,000	1,000	1,000

</TABLE>

See accompanying summary of accounting policies and notes to financial statements.

SeraCare Life Sciences, Inc.
Balance Sheets
(In whole $)

<TABLE>
<CAPTION>

	As of February 28, 2001	As of February 29, 2000
<S>	<C>	<C>
Assets		
Current Assets		
Cash and cash equivalents	$ 68,469	$ 342,837
Accounts receivable, less allowance for doubtful accounts of $106,041 in 2001 and $0 in 2000	4,424,047	4,839,771
Inventory	11,675,243	5,573,948
Prepaid expenses and other current assets	180,162	88,101
Total Current Assets	16,347,921	10,844,657
Property and equipment - net (Note 1)	340,324	231,555
Goodwill, less accumulated amortization of $575,475 and $354,860	$ 3,750,159	$ 3,970,775
Other assets	124,075	0
Total Assets	$ 20,562,479	$15,046,987
Liabilities and Stockholders' Equity		
Current liabilities		

Accounts payable	$ 3,713,565	$ 4,572,267
Accrued payroll and related expenses	7,449	56,799
Accrued expenses	0	31,752
Total Current Liabilities	3,721,014	4,660,818
Advances from parent	10,499,140	6,237,306
Commitments and Contingencies (Notes 2 and 4)	--	--
Stockholders Equity		
Common stock, no par value, 100,000 shares authorized, 1,000 issued and outstanding	1,000	1,000
Additional paid-in capital	144,924	144,924
Retained earnings	6,196,401	4,002,939
Total stockholders' equity	6,342,325	4,148,863
Total Liabilities and Stockholders' Equity	$ 20,562,479	$15,046,987

</TABLE>

See accompanying summary of accounting policies and notes to financial statements.

SeraCare Life Sciences, Inc.
Statements of Stockholders' Equity
(In whole $ except share data)

<TABLE>
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	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Total
<S>	<C>	<C>	<C>	<C>	<C>
Balance, March 1, 1998	1,000	$1,000	$144,924	$1,880,188	$2,026,112
Net income for the year	-	-	-	1,252,725	1,252,725
Balance, February 28, 1999	1,000	1,000	144,924	3,132,913	3,278,837
Net income for the year	-	-	-	870,026	870,026
Balance, February 29, 2000	1,000	1,000	144,924	4,002,939	4,148,863
Net income for the year	-	-	-	2,193,462	2,193,462
Balance, February 28, 2001	1,000	$1,000	$144,924	$6,196,401	$6,342,325

</TABLE>

See accompanying summary of accounting policies and notes to financial statements.

SeraCare Life Sciences, Inc.
Statements of Cash Flows
(In whole $)

<TABLE>
<CAPTION>

	February 28, 2001	February 29, 2000	February 28, 1999
<S>	<C>	<C>	<C>
Increase (decrease) in cash and cash equivalents			
Cash flows from operating activities			
Net income	$ 2,193,462	$ 870,026	$ 1,252,725
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:			
Depreciation and amortization	258,228	193,474	153,834
Allowance for doubtful accounts	106,041	--	--
(Increase) decrease from changes in:			
Accounts receivable	309,683	(57,808)	(2,191,676)
Inventory	(6,101,295)	(4,194,896)	(687,065)
Prepaid expenses and other current assets	(92,061)	(61,656)	(24,945)

Other assets	(124,075)	0	11,221
Accounts payable	(858,701)	3,727,753	(1,087,755)
Accrued payroll and related expenses	(49,350)	(51,909)	83,820
Accrued expenses	(31,752)	31,752	(13,801)
Net cash provided by (used) in operating activities	(4,389,820)	456,736	(2,503,642)
Cash flows from investing activities			
Purchases of property and equipment	(146,382)	(118,113)	(124,359)
Net cash used in investing activities	(146,382)	(118,113)	(124,359)
Cash flows from financing activities			
Advances from (to) parent	4,261,834	(233,743)	2,546,719
Net cash provided by (used) in financing activities	4,261,834	(233,743)	2,546,719
Net increase (decrease) in cash and cash equivalents during the period	(274,368)	104,880	(81,282)
Cash and cash equivalents, beginning of period	342,837	237,957	319,239
Cash and cash equivalents, end of period	$ 68,469	$ 342,837	$ 237,957

</TABLE>

See accompanying summary of accounting policies and notes to financial statements.

SeraCare Life Sciences, Inc.

Summary of Accounting Policies

Organization

SeraCare Life Sciences, Inc. (the "Company"), a California corporation, was incorporated in August 1984 and changed its name from The Western States Group, Inc. to SeraCare Life Sciences, Inc. in June 2001. The Company is a wholly owned subsidiary of SeraCare, Inc. (the "Parent") and is a manufacturer of plasma based diagnostic products and distributor of therapeutic products based in Oceanside, California. The Company is a vendor-approved supplier to over 500 pharmaceutical and other healthcare companies, including being listed as an "Exclusive Supplier" in many customers' regulatory applications with the FDA. The primary focus of the Company is the sale of plasma based therapeutic and diagnostic products to domestic and international biotech customers.

Basis of Presentation

The common stock of the Company is expected to be distributed by the Parent to its stockholders. The statements include an amount that management considers to be a reasonable allocation of general corporate expenses. Management and administrative salaries are allocated based upon estimated time devoted to SeraCare Life Science operations. All other allocations of general corporate expenses were based upon specific identification or the relationship of SeraCare Life Science operations to total operations. Management believes that such allocated general corporate expenses are representative of the expenses SeraCare Life Science will incur as a separate public company. Included in selling, general and administrative expenses are $98,317, $121,659 and $91,220 for 2001, 2000 and 1999 resulting from such allocation. The Company does not have an interest agreement with its parent and no interest has been charged on inter-company advances during 2001, 2000 or 1999.

Revenue Recognition

The Company records revenue upon shipment of its products at which time title passes to its customers. The Company generally sells its products to pharmaceutical and other healthcare companies and in many cases is an Exclusive Supplier in many customers' regulatory applications with the FDA.

Inventory

Inventory, which primarily consists of blood plasma, is valued at the lower of cost or market (net realizable value). Cost is determined by the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of five to ten years. Leasehold improvements are recorded at cost and are amortized using the straight-line method, over the lesser of the estimated useful lives of the property or the lease term, not to exceed ten years.

Income Taxes

The Company files a consolidated tax return with its parent. Income taxes are accounted for under the asset and liability method as if the Company was a separate taxpayer. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided when management cannot determine whether or not it is more likely that the net deferred tax asset will be realized. The effect on deferred tax assets and liabilities of a change in the rates is recognized in income in the period that includes the enactment date.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Goodwill

Goodwill represents the excess of the purchase price the Parent incurred in purchasing the Company over the fair value of the net assets and is amortized using the straight-line method over a period of twenty years. The Company assesses the recoverability of its goodwill periodically by evaluating the expected undiscounted future cash flows to determine whether they are sufficient to support recorded goodwill. If undiscounted cash flows are not sufficient to support the recorded asset, an impairment loss is recognized to reduce the carrying value of the goodwill based on the expected discounted cash flows.

Earnings Per Share

The Company calculates basic and diluted earnings per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share" ("SFAS 128"). Basic earnings per share includes no dilution and is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of securities that could occur if securities or other contracts (such as stock options, warrants, convertible debentures or convertible preferred stock) to issue common stock were exercised or converted into common stock.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Impairment of Long-Lived Assets

Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", established guidelines regarding when impairment losses on long-lived assets, which include plant and equipment and certain identifiable intangible assets, should be recognized and how impairment losses should be measured. The Company periodically reviews such assets for possible impairment and expected losses, if any, are recorded currently.

New Accounting Pronouncements

In October 2000, the Company adopted Financial Accounting Standards Board

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards requiring every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement also requires changes in the derivative's fair value to be recognized in earnings unless specific hedge accounting criteria are met. The adoption of SFAS 133 did not have a material impact on the consolidated financial statements.

SeraCare Life Sciences, Inc.

Summary of Accounting Policies

In December 1999, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which provides guidance on the recognition, presentation and disclosure of revenue in the financial statements filed with the SEC. Subsequently, the SEC released SAB 101B, which delayed the implementation date of SAB 101 for registrants with fiscal years that begin between December 16, 1999 and March 15, 2000. The Company was required to be in conformity with the provisions of SAB 101, as amended by SAB 101B, no later than October 1, 2000. The Company believes the adoption of SAB 101, as amended by SAB 101B, has not had a material effect on the financial position, results of operations or cash flows of the Company for the year ended February 28, 2001.

In March 2000, the FASB issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation, the Interpretation of APB Opinion No. 25" (FIN44). The Interpretation is intended to clarify certain problems that have arisen in practice since the issuance of APB No. 25, "Accounting for Stock Issued to Employees." The effective date of the Interpretation was July 1, 2000. The provisions of the Interpretation apply prospectively, but they will also cover certain events occurring after December 14, 1998 and after January 12, 2000. The adoption of FIN 44 did not have a material adverse affect on the current and historical consolidated financial statements.

In March, 2000, Emerging Issues Task Force No. 00-2, "Accounting for Web Site Development Costs" (EITF 00-2) was issued. The Task Force issue outlined the capitalization and expense requirements of costs incurred to development internet web sites. EITF 00-2 is effective for web site development costs incurred for fiscal quarters beginning after June 30, 2000. The adoption of EITF 00-2 is not expected to have a material impact on the financial statements.

In July 2001, the Financial Accounting Standards Board released Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets", which revises the accounting and reporting for purchased goodwill and other intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized, but will be tested annually, or in the event of an impairment indicator, for impairment. The Company expects that the adoption of SFAS 142 will increase annual income by approximately $220,000 annually.

In June 2001, the Financial Accounting Standards Board approved for issuance statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations." This standard eliminates the pooling method of accounting for business combinations initiated after June 30, 2001 in addition SFAS 141 addresses the accounting for intangible assets and goodwill acquired in a business combination. This portion of SFAS 141 is effective for business combinations completed after June 30, 2001. The Company does not expect SFAS 141 to have a material effect on the Company's financial position or results of operations.

SeraCare Life Sciences, Inc.

Notes to Financial Statements

1. Property and Equipment

Property and equipment consist of the following:

<TABLE>
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	February 28, 2001	February 29, 2000
<S>	<C>	<C>
Furniture and equipment	$323,486	$187,091
Leasehold improvements	72,419	62,432

	395,905	249,523
Less: accumulated depreciation and amortization	(55,581)	(17,968)
Property and equipment, net	$340,324	$231,555

</TABLE>

Depreciation and amortization expense on property and equipment was $37,613, $17,968 and $0 for the years ending February 28, 2001, February 29, 2000 and February 28, 1999, respectively.

2. Leases

The Company is currently leasing its office under a noncancelable lease agreement, which expires in July 2003. The lease includes one renewal option for an additional five years. Future minimum rental obligations under the aforementioned lease agreements are as follows:

Fiscal year ended	Amount
2002	$103,372
2003	106,266
2004	65,277
	$274,915

Rent expense amounted to $98,961, $92,279 and $33,975 for the years ended February 28, 2001, February 29, 2000 and February 28, 1999, respectively.

3. Income Taxes

The provision for income taxes consists of the following:

	2001	2000	1999
Current tax provisions			
U. S. Federal	$1,338,384	$530,864	$764,374
State	185,887	73,731	106,163
Total provision (all current)	$1,524,271	$604,595	$870,537

The provision based on income before taxes differs from the amount obtained by applying the statutory federal income tax rate to income before taxes as follows:

	2001	2000	1999
Computed provision for Federal taxes based on income at a statutory rate of 34%	34%	34%	34%
Non-deductible goodwill	2	2	2
State taxes, net of Federal benefit	5	5	5
Effective tax rate	41%	41%	41%

SeraCare Life Sciences, Inc. files tax returns as a part of the Consolidated return of the parent. For purposes of this presentation, income taxes for the Company have been estimated at an overall rate of 41 percent to account for the permanent difference of the amortization of goodwill as well as the appropriate Federal and state statutory rates.

4. Commitments and Contingencies

The Company is currently obligated under an Employment Agreement with the Chief Operating Officer through February 28, 2003 at a salary of $145,000 per annum.

All assets of the Company are currently pledged as collateral under the Revolving Credit Facility of Company's Parent.

SeraCare has agreed to a proposed merger whereby SeraCare will be merged with a wholly owned subsidiary of Instituto Grifols. Life Science will be spun-off immediately prior to the Merger and become an independent stand-alone company. The spin-off of SeraCare Life Sciences, Inc. is contingent upon a favorable vote by the shareholders of the Company's Parent to the transaction whereby the Parent will be acquired by a wholly-owned subsidiary of Instituto Grifols. Should the spin-off occur, certain obligations and commitments will accrue to the Company including:

A Supply and Services Agreement between SeraCare and the Company will be signed under which SeraCare will provide certain plasma products and plasmapheresis services. In connection with such agreement, the Company will be obligated to grant to Instituto Grifols or its affiliate a warrant to purchase 10% of the then outstanding common stock at an exercise price equal to the twenty-day average closing price of the Company's stock following the spin-off.

The Company will assume all of the rights and obligations under the Collaboration Agreement with Quest Diagnostics under which it will collect and sell antibody specific plasma, including the obligation to make certain profit sharing payments.

The Company will become responsible for filing its own tax returns and will not be sheltered by the loss carry-forwards of its Parent.

The Company will become liable for obligations in excess of $750,000 relating to a dispute over earn-out provisions of a purchase agreement. This dispute was settled during July, 2001 at no cost to the Company.

The Company will become obligated to issue warrants and options to purchase the Company's common shares on a pro-rata basis to holders of such securities in the Parent. The exact number and exercise price of such securities will be determined after the record date and the completion of a Fair Value appraisal of the Company by an independent qualified appraiser.

5. Concentration of Credit Risk, Significant Customers and Sales Commitments

Storage of plasma and plasma products, labeling and distribution activities are subject to strict regulation and licensing by the U.S. Food and Drug Administration ("FDA"). The Company's facility is subject to periodic inspection by the FDA. Failure to comply or correct deficiencies with applicable laws or regulations could subject the Company to enforcement action, including product seizures, recalls, and civil and criminal penalties, any one or more could have a material adverse effect on the Company's business.

Laws and regulations with similar substantive and enforcement provisions are also in effect in many of the states and municipalities where the Company does business. Any change in existing federal, state or municipal laws or regulations, or in the interpretation or enforcement thereof, or the promulgation of any additional laws or regulations could have an adverse effect on the Company's business.

Approximately 49% of net sales were to three customers in 2001 and 40% of net sales were to two customers in 2000. These same customers represented approximately 46% and 45%, respectively, of year-end accounts receivable.

Customers with more than 10% of the companies total sales are as follows:

<TABLE>
<CAPTION>

	For Fiscal Years Ended		
	2001	2000	1999
<S>	<C>	<C>	<C>
Genetics Institute	24%	16%	--
Haemopharm, Inc. (Voco)	15%	--	14%
Biotest Pharma GMBH	10%	--	--
The Republic of Korea	8%	23%	11%
Chiron, Inc.	--	--	12%

</TABLE>

Customers with more than 10% of year end accounts receivable are as follows:

<TABLE>
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	February 28	February 29	February 28

	2001	2000	1999
<S>	<C>	<C>	<C>
Genetics Institute	25%	24%	--
Haemopharm, Inc. (Voco)	19%	--	30%
The Republic of Korea	15%	18%	19%
RIMSA	--	12%	--

</TABLE>

Information regarding our geographical concentration is as follows:

	Fiscal Years Ended 2001	2000
Net Sales		
United States	$ 11,480,822	$ 8,958,244
Europe	5,545,673	1,679,615
Asia	1,847,654	4,237,991
Other	789,187	1,343,206
	$ 19,663,336	$ 16,219,056

Amounts for the year 1999 have not been presented as it is not practical to do so.

6. Segment Information

Effective March 1, 1998, the Company adopted SFAS No. 131 for financial reporting of its operating segments. The Company's business activities are divided, managed and conducted in two basic business segments, the Therapeutic Products segment and the Diagnostic Products segment. These two segments were determined by management based upon the inherent differences in the end use of the products, the inherent differences in the value added processes made by the Company, the differences in the regulatory requirements and the inherent differences in the strategies required to successfully market finished products. Operations which do not fall into either of these two segments including unallocated corporate overhead is reported in the category "Corporate and Other".

The Therapeutic segment includes sale of plasma and certain plasma based products to manufacturers certain of whose objective is the production of injectable plasma products such as albumin, antihemophilic factors 8 and 9, and Rh Immune globulin. The Diagnostic segment includes the manufacture and/or sale of non-injectable plasma products such as bulk controls, antibody specific plasma and certain animal derived products. The Diagnostic segment also includes the manufacturing of bulk serums and other plasma based products to customer specifications.

The Company utilizes multiple forms of analysis and control to evaluate the performance of the segments and to evaluate investment decisions. In general, gross margin and Earnings Before Interest Depreciation and Amortization (EBITDA) are deemed to be the most significant measurements of performance, although collection volumes and certain controllable costs also provide useful "early warning signs" of future performance. The following segment financial statements have been prepared on the same basis as the Company's financial statements, utilizing the accounting policies described in the Summary of Significant Accounting Policies.

6. Segment Information (Continued)

The Company's segment information as of and for the years ended February 28, 2001, February 29, 2000 and February 28, 1999 is as follows:

<TABLE>
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	Therapeutic Segment	Diagnostic Segments	Total Segments	Corporate and Other	Total

Net Sales					
Fy 1999	$ 5,973,790	$ 7,137,029	$13,110,819	$ --	$13,110,819
Fy 2000	7,289,306	8,929,750	16,219,056	--	16,219,056
Fy 2001	9,187,197	10,476,139	19,663,336	--	19,663,336
Gross Profit					
Fy 1999	965,006	2,697,593	3,662,599	--	3,662,599
Fy 2000	2,027,582	2,133,713	4,161,295	--	4,161,295
Fy 2001	1,021,169	5,444,521	6,465,690	--	6,465,690
Operating Income					
Fy 1999	556,294	1,554,624	2,110,918	--	2,110,918
Fy 2000	714,933	752,091	1,467,024	--	1,467,024
Fy 2001	585,453	3,120,792	3,706,245	--	3,706,245
Other income					
Fy 1999	--	--	--	12,344	12,344
Fy 2000	--	--	--	7,597	7,597
Fy 2001	--	--	--	11,488	11,488
Taxes on Income					
Fy 1999	228,080	637,396	865,476	5,061	870,537
Fy 2000	293,123	308,357	601,480	3,115	604,595
Fy 2001	240,036	1,279,525	1,519,561	4,710	1,524,271
Net Income					
Fy 1999	328,214	917,228	1,245,442	7,283	1,252,725
Fy 2000	421,810	443,734	865,544	4,482	870,026
Fy 2001	345,417	1,841,267	2,186,684	6,778	2,193,462

6. Segment Information (Continued)

Segment	Therapeutic Segments	Diagnostic Segment	Total and Other	Corporate Total	Total
Identifiable Assets					
Fy 1999	2,106,066	3,767,960	5,874,026	3,998,878	9,872,904
Fy 2000	3,458,301	7,056,533	10,514,834	4,532,153	15,046,987
Fy 2001	3,654,967	12,444,323	16,099,290	4,463,189	20,562,479
Depreciation and Amortization					
Fy 1999	55,380	98,455	153,834	--	153,834
Fy 2000	63,847	129,627	193,474	--	193,474
Fy 2001	59,392	198,836	258,228	--	258,228
Capital Expenditures					
Fy 1999	44,769	79,590	124,359	--	124,359
Fy 2000	38,977	79,136	118,113	--	118,113
Fy 2001	33,668	112,714	146,382	--	146,382

"Corporate and Other" includes unallocated corporate overhead, and other income (expense) amounts which are not specifically attributable to either segment. Identifiable assets of each segment consist primarily of accounts receivable and inventories Corporate assets includes cash and other assets not specifically allocable to either segment.

7. Related Party Transactions

The Company purchased from subsidiaries of SeraCare, Inc. source and specialty plasma totaling $3,399,653 during FY 1999, $3,282,530 during FY 2000, and $5,315,881 during FY 2001. During FY 1999, the Company sold $367,189 to one such subsidiary. Charges for insurance, healthcare, legal expenses are paid by the parent and recharged to the Company through the "Advances from parent" account. In addition, twenty-five percent of the CEO and CFO of the parent have been recharged to the Company on the basis of actual time related to the Company. No interest has been charged on inter-company advances during the three-year period. The Company has been informed by its parent that the balance of its Advances to parent will be contributed as an additional investment in the Company immediately prior to the spin-off and as a consequence will be recorded as additional paid in capital by Life Sciences.

The Company has been advised that as of the date of the spin-off, the net intercompany amount due from Life Sciences to SeraCare will be deemed additional investment in Life Sciences by SeraCare and will be recorded as an additional investment in the Company. Accordingly, if the spin-off had taken place as of May 31, 2001, advances from parent would be zero and additional paid-in capital of Life Sciences would have been increased by $11,146,204. If the Company is required to pay such intercompany amounts, it would have a material adverse effect upon its ability to meet its ongoing obligations.

SeraCare Life Sciences, Inc.

Notes to Financial Statements

8. Summarized Quarterly Financial Data (Unaudited)

Summarized quarterly data is as follows.

<TABLE>
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Three months ended	May 31	August 31	November 30	February 29(28)
<S>	<C>	<C>	<C>	<C>
Year ended February 28, 2001				
Total revenue	$3,834,336	$6,554,568	$4,709,466	$4,564,966
Net income from operations	$ 552,207	$ 999,068	$1,037,819	$1,117,150
Net Income	$ 331,667	$ 590,270	$ 612,406	$ 659,119
Net income per common share				
Basic	$ 331.67	$ 590.27	$ 612.40	$ 659.12
Diluted	$ 331.67	$ 590.27	$ 612.40	$ 659.12
Year ended February 29, 2000				
Total revenue	$3,211,088	$3,183,795	$4,937,339	$4,886,834
Net income from operations	$ 365,811	$ 223,214	$ 395,967	$ 482,032
Net Income	$ 216,601	$ 133,795	$ 234,089	$ 285,541
Net income per common share				
Basic	$ 216.60	$ 133.80	$ 234.09	$ 285.54
Diluted	$ 216.60	$ 133.80	$ 234.09	$ 285.54

</TABLE>

9. Valuation and Qualifying accounts

Changes in the accounts receivable valuation reserve were as follows:

Balance at March 1, 2000	$ --
Additions charged to costs and expenses	$106,041
Balance at February 28, 2001	$106,041

SeraCare Life Sciences, Inc.

Financial Statement Index
For the three months ended May 31, 2001

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SeraCare Life Science, Inc.
Statement of Operations
(In whole dollars, except per share data)
(Unaudited)

	For the Three Months Ended	
	May 31, 2001	May 31, 2000
Revenues	$ 3,152,651	$ 3,834,336
Cost of Sales	1,821,765	2,707,348
Gross Profit	1,330,886	1,126,988
General and administrative expenses	686,857	574,780
Income from Operations	644,029	552,208
Other income, net	0	9,940
Income before income tax expense	644,029	562,148
Income tax expense	264,052	230,481
Net Income	$ 379,977	$ 331,667
Net Income per common share		
Basic	$ 379.98	$ 331.67
Diluted	$ 379.98	$ 331.67
Weighted average shares issued and outstanding		
Basic	1,000	1,000
Diluted	1,000	1,000

See accompanying notes to financial statements.

SeraCare Life Sciences, Inc.
Balance Sheets
(In whole dollars)

	5-31-01 (Unaudited)	2-28-01 (Audited)
Assets		
Current Assets		
Cash and cash equivalents	$ 433,819	$ 68,469
Accounts receivable, net	2,556,870	4,424,047
Inventory	12,533,356	11,675,243
Prepaid expenses and other current assets	208,069	180,162

Total current assets	15,732,114	16,347,921
Property and equipment - net	337,080	340,324
Goodwill, less accumulated amortization of $630,629 and $575,475	3,695,005	3,750,159
Other assets	146,637	124,075
Total assets	$19,910,836	$20,562,479
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$2,016,124	3,713,565
Accrued payroll and related expenses	26,206	7,449
Total current liabilities	2,042,330	3,721,014
	11,146,204	10,499,140
Advances from parent		
Stockholders' equity		
Common stock, no par value, 100,000 shares authorized 1,000 issued and outstanding	1,000	1,000
Additional paid-in capital	144,924	144,924
Retained earnings	6,576,378	6,196,401
Total stockholders' equity	6,722,302	6,342,325
Total Liabilities and Stockholders' Equity	$19,910,836	$20,562,479

See accompanying notes to financial statements.

SeraCare Life Sciences, Inc.
Statements of Stockholders' Equity
(In whole $ except share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Total
Balance, March 1, 1998	1,000	$1,000	$ 144,924	$1,880,188	$2,026,112
Net income for the year	--	--	--	1,252,725	$1,252,725
Balance, February 28, 1999	1,000	1,000	144,924	3,132,913	3,278,837
Net income for the year	--	--	--	870,026	$ 870,026
Balance, February 29, 2000	1,000	1,000	144,924	4,002,939	4,148,863
Net income for the year	--	--	--	2,193,462	$2,193,462
Balance, February 28, 2001	1,000	$1,000	$ 144,924	$6,196,401	$6,342,325
Net income for the three months (unaudited)	--	--	--	327,320	$ 327,320
Balance, May 31, 2001 (unaudited)	1,000	$1,000	$ 144,924	$6,523,721	$6,669,645

See accompanying summary of accounting policies and notes to financial statements.

SeraCare Life Sciences, Inc.
Statement of Cash Flows
(In whole dollars)

(Unaudited)

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Increase (Decrease) in Cash	For the Three Months Ended May 31, 2001	May 31, 2000
<S>	<C>	<C>
Cash flows from operating activities		
Net income	$ 379,977	$ 331,667
Adjustments to reconcile net income to cash (used in) operating activities:		
Depreciation and amortization	65,034	68,838
(Increase) decrease from changes in:		
Accounts receivable	1,867,177	1,893,875
Inventory	(858,113)	(1,091,446)
Prepaid expenses and other current assets	(27,907)	(31,103)
Other assets	(22,562)	(52,611)
Accounts payable	(1,697,441)	(2,351,907)
Accrued payroll and other expenses	18,757	(66,061)
Net cash used in operating activities	(275,078)	(1,298,748)
Cash flows from investing activities		
Purchases of property and equipment	(6,636)	(81,800)
Net cash used in investing activities	(6,636)	(81,800)
Cash flows from financing activities		
Increase in Advances from parent	647,064	1,282,362
Net cash provided by financing activities	647,064	1,282,362
Net increase (decrease) in cash and cash equivalents	365,350	(98,186)
Cash and cash equivalents, beginning of period	68,469	342,837
Cash and cash equivalents, end of period	$ 433,819	$ 244,651

</TABLE>

See accompanying notes to financial statements.

SeraCare Life Sciences, Inc.
Notes to Financial Statements

1. Statement of information furnished

In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting only of normal and recurring accruals) necessary to present fairly the financial position of SeraCare Life Sciences, Inc. as of May 31, 2001, and the results of their operations and cash flows for the three months ended May 31, 2001 and 2000. These results have been determined on the basis of generally accepted accounting principles and practices applied consistently with those used in the preparation of the audited financial statements included in this Information Statement for the fiscal years ended February 28, 2001, February 29, 2000 and February 28, 1999.

The results of operations for the three month period ended May 31, 2001 are not necessarily indicative of the results to be expected for any other period or for the entire current fiscal year.

Certain information and footnote disclosures normally included in financial statements presented in accordance with generally accepted accounting principles have been condensed or omitted. The accompanying financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in this Information Statement.

2. Earnings Per Share

Basic earnings per common share amounts for the three months ended May 31, 2001 and 2000 have been calculated based upon the weighted average number of shares actually outstanding during the period. Diluted earnings per share for the same

three-month periods were calculated by considering common stock, options, purchase warrants and convertible debt instruments which are deemed common stock equivalents in such calculation.

3. Income Taxes

SeraCare Life Sciences, Inc. files tax returns as a part of the Consolidated return of the parent. For purposes of this presentation, income taxes for the Company have been estimated at an overall rate of 41 percent to reflect the permanent difference of the amortization of goodwill as well as the appropriate statutory rates.

4. Litigation

There are no material pending legal proceedings, other than routine litigation occurring in the normal course of the Company's operations, to which the Company is a party or of which any of its property is subject.

5. Segment Information

The Statement of Financial Accounting Standards No. 131, Disclosure about segments of an Enterprise and related Information" ("SFAS No. 131"), requires the reporting of information about operating segments in annual financial statements and requires selected information in interim financial reports. Selected financial information is reported below for the three months ended May 31, 2001 and 2000.

	Quarter Ended	
	May 31, 2001	May 31, 2000
Net sales - unaffiliated customers:		
Therapeutic Products	$ 968,054	$ 1,330,096
Diagnostic Products	2,184,597	2,504,240
Total	3,152,651	3,834,336
Segment operating income (loss):		
Therapeutic Products	206,115	30,413
Diagnostic Products	522,818	611,467
Corporate / Other	(84,904)	(89,672)
Total	644,029	552,208
Reconciling items:		
Other (income), net	--	9,940
Income before income taxes	$ 644,029	$ 562,148

Segment operating income is defined as earnings before income taxes, interest, special charges and other non-operating income and expenses. "Corporate and other" includes general administrative corporate expenses other than those directly attributable to an operating segment. The Company had no inter-segment sales during the quarter just ended or during the prior year period.

New Accounting Pronouncements

In October 2000, the Company adopted Financial Accounting Standards Board SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards requiring every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement also requires changes in the derivative's fair value to be recognized in earnings unless specific

hedge accounting criteria are met. The adoption of SFAS 133 did not have a

material impact on the consolidated financial statements.

In December 1999, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin ("SAB") No. 101, "Revenue Recognition in Financial Statements," which provides guidance on the recognition, presentation and disclosure of revenue in the financial statements filed with the SEC. Subsequently, the SEC released SAB 101B, which delayed the implementation date of SAB 101 for registrants with fiscal years that begin between December 16, 1999 and March 15, 2000. The Company was required to be in conformity with the provisions of SAB 101, as amended by SAB 101B, no later than October 1, 2000. The Company believes the adoption of SAB 101, as amended by SAB 101B, has not had a material effect on the financial position, results of operations or cash flows of the Company for the year ended February 28, 2001.

In March 2000, the FASB issued Interpretation No. 44, "Accounting for Certain Transactions Involving Stock Compensation, the Interpretation of APB Opinion No. 25" (FIN44). The Interpretation is intended to clarify certain problems that have arisen in practice since the issuance of APB No. 25, "Accounting for Stock Issued to Employees." The effective date of the Interpretation was July 1, 2000. The provisions of the Interpretation apply prospectively, but they will also cover certain events occurring after December 14, 1998 and after January 12, 2000. The adoption of FIN 44 did not have a material adverse affect on the current and historical consolidated financial statements.

In March, 2000, Emerging Issues Task Force No. 00-2, "Accounting for Web Site Development Costs" (EITF 00-2) was issued. The Task Force issue outlined the capitalization and expense requirements of costs incurred to development internet web sites. EITF 00-2 is effective for web site development costs incurred for fiscal quarters beginning after June 30, 2000. The adoption of EITF 00-2 is not expected to have a material impact on the financial statements.

In July 2001, the Financial Accounting Standards Board released Statement of Financial Accounting Standards No. 142 ("SFAS 142"), "Goodwill and Other Intangible Assets", which revises the accounting and reporting for purchased goodwill and other intangible assets. Under SFAS 142, goodwill and intangible assets with indefinite lives will no longer be amortized, but will be tested annually, or in the event of an impairment indicator, for impairment. The Company expects that the adoption of SFAS 142 will increase annual income by approximately $55,000 annually.

In June 2001, the Financial Accounting Standards Board approved for issuance statement of Financial Accounting Standards No. 141 ("SFAS 141"), "Business Combinations." This standard eliminates the pooling method of accounting for business combinations initiated after June 30, 2001 in addition SFAS 141 addresses the accounting for intangible assets and goodwill acquired in a business combination. This portion of SFAS 141 is effective for business combinations completed after June 30, 2001. The Company does not expect SFAS 141 to have a material effect on the Company's financial position or results of operations.