

INVERNESS MEDICAL INNOVATIONS INC
Form S-4
July 20, 2007

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As filed with the Securities and Exchange Commission on July 20, 2007

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INVERNESS MEDICAL INNOVATIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

2835
(Primary Standard Industrial
Classification Code Number)

04-3565120
(I.R.S. Employer
Identification No.)

**51 Sawyer Road, Suite 200
Waltham, Massachusetts 02453
(781) 647-3900**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Ron Zwanziger
Chairman, Chief Executive Officer and President
51 Sawyer Road, Suite 200
Waltham, Massachusetts 02453
(781) 647-3900

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Hayward, California 94545
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President and Chief Executive Officer

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effectiveness of this registration statement and the satisfaction or waiver of all other conditions under the merger agreement described herein.

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If the securities being registered on this form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. _____

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Amount to be Registered(2)	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee
Common Stock \$0.001 par value per share	7,580,697	N/A	\$376,933,015	\$11,572

- (1) This Registration Statement relates to shares of common stock, par value \$0.001 per share, of the registrant issuable to holders of shares of common stock, no par value, of Cholestech Corporation, a California corporation, in the proposed merger of Iris Merger Sub, Inc., a California corporation and a wholly owned subsidiary of the registrant, with and into Cholestech.
- (2) Based on the maximum number of shares to be issued in connection with the merger, calculated as the product of (a) 17,370,185, the aggregate number of shares of Cholestech common stock outstanding as of June 29, 2007, or issuable pursuant to the exercise of outstanding options prior to the date the merger is expected to be completed, and (b) an exchange ratio of 0.43642 shares of the registrant's common stock for each share of Cholestech common stock.
- (3) Estimated solely for purposes of calculation of the registration fee in accordance with Rules 457(c) and (f) of the Securities Act of 1933, as amended, based upon the product of: (i) 17,370,185, the maximum number of shares of Cholestech common stock that may be exchanged in the merger (the sum of (a) 15,620,002 shares of Cholestech common stock outstanding as of June 29, 2007, and (b) 1,750,183 shares of Cholestech common stock issuable upon the exercise of outstanding options as of June 29, 2007), and (ii) \$21.70, the average of the high and low sale prices for shares of Cholestech common stock as reported on the Nasdaq Global Market on July 19, 2007.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this proxy statement/prospectus is not complete and may be changed. Inverness may not sell these securities until the registration statement filed with the Securities and Exchange Commission, of which this document is a part, is declared effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any representation to the contrary is a criminal offense.

Subject to completion, dated July 20, 2007

Dear Stockholder:

You are cordially invited to attend a special meeting of Cholestech Corporation stockholders to be held on August , 2007 at Cholestech's executive offices at 3347 Investment Boulevard, Hayward, California 94545. At the special meeting, Cholestech stockholders will be asked to approve the principal terms of the merger contemplated by the Agreement and Plan of Reorganization that Cholestech entered into as of June 4, 2007 with Inverness Medical Innovations, Inc. and Iris Merger Sub, Inc., a wholly owned subsidiary of Inverness. If the principal terms of the merger are approved, and the other conditions in the merger agreement are satisfied or waived, Iris Merger Sub, Inc. will merge with and into Cholestech, and Cholestech will become a wholly owned subsidiary of Inverness. Upon completion of the merger, each outstanding share of Cholestech common stock will be converted into the right to receive 0.43642 shares of Inverness common stock. Cholestech stockholders will also be asked to give management the discretionary authority to adjourn the meeting to a later date, if necessary, in order to solicit additional proxies in favor of the principal terms of the merger, which is referred to as the adjournment proposal.

Inverness common stock is listed on the American Stock Exchange under the trading symbol "IMA." On July , 2007, the closing sale price of Inverness common stock was \$.

Cholestech's board of directors has carefully reviewed and considered the terms and conditions of the merger agreement. Based on its review, Cholestech's board of directors has unanimously determined that the merger is advisable, fair to and in the best interests of Cholestech and its stockholders and recommends that you vote for approval of the principal terms of the merger and for the adjournment proposal.

Your vote is very important. Cholestech cannot complete the merger unless the principal terms of the merger are approved by the affirmative vote of the holders of at least a majority of the outstanding shares of Cholestech common stock entitled to vote at the special meeting. **Whether or not you plan to attend the special meeting, please complete, sign, date and return the enclosed proxy card or submit your proxy by telephone or on the Internet as soon as possible.** If you hold your shares in "street name," you should instruct your broker how to vote in accordance with your voting instruction card. If you do not submit your proxy, instruct your broker how to vote your shares or vote in person at the special meeting, it will have the same effect as a vote against approval of the principal terms of the merger.

The accompanying proxy statement/prospectus explains the merger agreement, proposed merger and adjournment proposal in detail and provides specific information concerning the special meeting. Please review this document carefully. In particular, you should carefully consider the matters discussed under "risk factors" beginning on page 26.

Sincerely,

Warren E. Pinckert II
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger described in this proxy statement/prospectus or the Inverness common stock to be issued in connection with the merger, or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated July , 2007 and is first being mailed to stockholders on or about July , 2007.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on August , 2007

To the Stockholders of Cholestech Corporation:

Notice is hereby given that a special meeting of stockholders (referred to as the Special Meeting) of Cholestech Corporation, a California corporation (referred to as Cholestech), will be held on August , 2007 at 10:00 A.M., local time, at Cholestech's executive offices at 3347 Investment Boulevard, Hayward, California 94545, for the following purposes:

1. To consider and vote upon a proposal to approve the principal terms of the merger contemplated by the Agreement and Plan of Reorganization, dated as of June 4, 2007, by and among Inverness Medical Innovations, Inc. (referred to as Inverness), Iris Merger Sub, Inc., a wholly owned subsidiary of Inverness, and Cholestech, pursuant to which Iris Merger Sub will merge with and into Cholestech, and Cholestech will become a wholly owned subsidiary of Inverness, which we refer to as the merger proposal.
2. To consider and vote upon a proposal to grant management the discretionary authority to adjourn the Special Meeting to a later date or dates, if necessary, in order to solicit additional proxies if there are insufficient votes at the time of the Special Meeting to approve the merger proposal, which we refer to as the adjournment proposal.
3. To transact such other business as may properly come before the Special Meeting or any adjournment or postponement thereof.

The merger proposal and the adjournment proposal are more fully described in the accompanying proxy statement/prospectus, which you should read carefully in its entirety before voting.

Only holders of record of Cholestech common stock at the close of business on July , 2007 are entitled to notice of and to vote at the Special Meeting or any adjournment or postponement thereof. A majority of the shares of Cholestech common stock outstanding on the record date must be voted in favor of the merger proposal in order for the merger to be completed. Therefore, your vote is very important. Your failure to vote your shares is the same as voting against the merger proposal.

Dissenters' rights may be available under Chapter 13 of the California General Corporation Law in connection with the merger. In order to exercise dissenters' rights, Cholestech stockholders must deliver a written demand to Cholestech no later than the date of the Special Meeting and must vote "**AGAINST**" the merger proposal. A copy of the applicable California statutory provisions is included as Annex D of the attached proxy statement/prospectus, and a summary of these provisions can be found under "Dissenters' Rights" in the attached proxy statement/prospectus.

All Cholestech stockholders are cordially invited to attend the Special Meeting in person. However, to assure your representation at the Special Meeting, please vote as soon as possible using one of the following methods: (1) by telephone by calling the toll free number as instructed on the enclosed proxy card, (2) by using the Internet as instructed on the enclosed proxy card or (3) by mail by completing, signing, dating and returning the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose. Any stockholder attending the Special Meeting may vote in person even if he or she has voted using the proxy card.

The board of directors of Cholestech unanimously recommends that you vote "**FOR**" the approval of the merger proposal and "**FOR**" the adjournment proposal.

By Order of the Board of Directors

/s/ JOHN F. GLENN

John F. Glenn
Corporate Vice President of Finance,
Chief Financial Officer, Treasurer
and Secretary

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Hayward, California
July , 2007

IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE VOTE BY (1) TELEPHONE, (2) USING THE INTERNET OR (3) COMPLETING AND PROMPTLY RETURNING THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED.

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Annexes

Annex A Agreement and Plan of Reorganization

Annex B Voting Agreement

Annex C Opinion of Savvian Advisors, LLC

Annex D Chapter 13 of California General Corporation Law

Cholestech's fiscal year is a 52 or 53-week period ending on the last Friday in March. Fiscal year 2007 consisted of 52 weeks, fiscal year 2006 consisted of 53 weeks, and fiscal years 2005, 2004 and 2003 consisted of 52 weeks. The fiscal years ending March 30, 2007, March 31, 2006, March 25, 2005, March 26, 2004, and March 28, 2003 are referred to throughout this prospectus as fiscal year 2007, 2006, 2005, 2004, and 2003, respectively.

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Inverness and Cholestech from documents that each company has filed with the Securities and Exchange Commission but that have not been included in or delivered with this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 145 of this proxy statement/prospectus.

Inverness will provide you with copies of such documents relating to Inverness (excluding all exhibits unless Inverness has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

**Inverness Medical Innovations, Inc.
51 Sawyer Road, Suite 200
Waltham, Massachusetts 02453
(781) 647-3900
Attention: Doug Guarino**

Cholestech will provide you with copies of such documents relating to Cholestech (excluding all exhibits unless Cholestech has specifically incorporated by reference an exhibit in this proxy statement/prospectus), without charge, upon written or oral request to:

**Cholestech Corporation
3347 Investment Boulevard
Hayward, California 94545
(510) 781-5065
Attention: John Glenn**

In order for you to receive timely delivery of the documents in advance of the Cholestech special meeting, Inverness or Cholestech should receive your request no later than August , 2007.

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The following are some questions that you, as a stockholder of Cholestech, may have regarding the merger and the special meeting of Cholestech stockholders and brief answers to those questions. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section may not provide all the information that might be important to you with respect to the merger being considered at the special meeting. Additional important information is also contained in the annexes to, and the documents incorporated by reference in, this proxy statement/prospectus.

Q: Why am I receiving this proxy statement/prospectus?

A: Inverness has agreed to acquire Cholestech under the terms of a merger agreement that is described in this proxy statement/prospectus. Please see "The Merger Agreement" beginning on page 94 of this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Annex A.

In order to complete the merger, Cholestech stockholders must approve the principal terms of the merger, and all other conditions to the merger must be satisfied or waived. Cholestech will hold a special meeting of its stockholders to obtain this approval.

This proxy statement/prospectus contains important information about the merger, the merger agreement and the special meeting of the stockholders of Cholestech, and you should read this proxy statement/prospectus carefully.

Your vote is very important. We encourage you to vote as soon as possible. The enclosed voting materials allow you to vote your Cholestech shares without attending the special meeting. For more specific information on how to vote, please see the questions and answers below.

Q: Why are Inverness and Cholestech proposing the merger?

A: Inverness and Cholestech believe that combining their strengths is in the best interests of each company and its stockholders. The acquisition of Cholestech by Inverness presents a unique opportunity for the companies to come together and accelerate solutions for and innovation in the advanced diagnostic devices market. By combining forces with Inverness, Cholestech expects to be able to provide a broader range of solutions to its customers, leverage its substantial industry experience, gain greater potential for expanded investment in research and development and accelerate time to market with next generation technologies and solutions. To review the reasons for the merger in greater detail, see "The Merger Recommendation of Cholestech's Board of Directors and Cholestech's Reasons for the Merger" beginning on page 66 and "The Merger Inverness' Reasons for the Merger" beginning on page 80 of this proxy statement/prospectus.

Q: How does Cholestech's board of directors recommend that Cholestech stockholders vote?

A: The Cholestech board of directors unanimously recommends that Cholestech stockholders vote **"FOR"** the proposal to approve the principal terms of the merger. The Cholestech board of directors has determined that the merger agreement and the merger are advisable, fair to and in the best interests of Cholestech and its stockholders. Accordingly, the Cholestech board of directors has approved the merger agreement and the merger contemplated by the merger agreement. For a more complete description of the recommendation of the Cholestech board of directors, see "The Cholestech Special Meeting" beginning on page 58 of this proxy statement/prospectus and "The Merger Recommendation of Cholestech's Board of Directors and Cholestech's Reasons for the Merger" beginning on page 66 of this proxy statement/prospectus.

Q: Am I being asked to vote on anything else?

A: Yes. The Cholestech board of directors is asking you to authorize Cholestech management to adjourn the special meeting to a date not later than September , 2007 if the number of shares of

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Cholestech common stock represented and voting in favor of approval of the principal terms of the merger is insufficient to approve the principal terms of the merger under California law. Adjourning the special meeting to a later date will give Cholestech additional time to solicit proxies to vote in favor of the principal terms of the merger. The Cholestech board of directors recommends that you vote **"FOR"** the adjournment proposal.

Q:
What will happen in the merger?

A:
Pursuant to the terms of the merger agreement, Iris Merger Sub, Inc., a wholly owned subsidiary of Inverness, will merge with and into Cholestech, and Cholestech will survive and continue as a wholly owned subsidiary of Inverness.

Q:
What consideration will Cholestech stockholders receive in the merger?

A:
Cholestech stockholders will receive 0.43642 shares of Inverness common stock for each share of Cholestech common stock they own. We call this number the exchange ratio. Each Cholestech stockholder will receive cash for any fractional share of Inverness common stock that such stockholder would be entitled to receive in the merger after aggregating all fractional shares to be received by such stockholder.

Q:
When do Inverness and Cholestech expect the merger to be completed?

A:
Inverness and Cholestech are working to complete the merger as quickly as practicable and currently expect that the merger could be completed promptly after the special meeting. However, we cannot predict the exact timing of the completion of the merger because it is subject to regulatory approvals and other conditions.

Q:
What are the United States federal income tax consequences of the merger?

A:
We expect the merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which is referred to as the Internal Revenue Code. If the merger qualifies as a reorganization, Cholestech stockholders generally will not recognize any gain or loss upon the receipt of Inverness common stock in exchange for Cholestech common stock in connection with the merger, except for cash received in lieu of a fractional share of Inverness common stock.

Cholestech stockholders are urged to read the discussion in the section entitled "The Merger Material United States Federal Income Tax Consequences of the Merger" beginning on page 86 of this proxy statement/prospectus and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effects of state, local and foreign tax laws.

Q:
What vote of Cholestech stockholders is required to approve the principal terms of the merger?

A:
Approval of the principal terms of the merger requires the affirmative vote of the holders of a majority of the outstanding shares of Cholestech common stock entitled to vote at the special meeting. Only holders of record of Cholestech common stock at the close of business on July 1, 2007, which we refer to as the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were 1,000,000 shares of Cholestech common stock outstanding and entitled to vote at the special meeting.

Q:
What vote of Cholestech stockholders is required to approve the adjournment proposal?

A:
Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Cholestech common stock present and voting, either in person or by proxy, (which shares voting affirmatively also must constitute at least a majority of the required quorum) at the special meeting.

Q: Are there any risks related to the merger or any risks related to owning Cholestech or Inverness common stock?

A: Yes. You should carefully review the section entitled "Risk Factors" beginning on page 26 of this proxy statement/prospectus.

Q: Are any stockholders already committed to vote in favor of the merger?

A: Yes. Pursuant to voting agreements with Inverness, each director and certain executive officers of Cholestech have agreed to vote his or her shares of Cholestech common stock held on the record date at the special meeting in favor of the merger proposal. These shares represented approximately % of the outstanding shares of Cholestech common stock as of the record date. For a more complete description of the voting agreements, see "The Voting Agreements" beginning on page 110 of this proxy statement/prospectus. The form of voting agreement is also attached to this proxy statement/prospectus as Annex B.

Q: Am I entitled to dissenters' rights?

A: If you are a Cholestech stockholder, under California law, you may have the right to dissent from the merger and obtain payment in cash for the fair market value of your shares of Cholestech common stock rather than shares of Inverness common stock. In order to exercise dissenters' rights, holders of at least 5% of the outstanding shares of Cholestech common stock must have filed a demand for payment under Chapter 13 of the California General Corporation Law. If you wish to exercise dissenters' rights or preserve your right to do so, you must precisely comply with all of the procedures set forth in Chapter 13 of the California General Corporation Law, including voting "AGAINST" the approval of the principal terms of the merger and delivering a written demand to Cholestech for purchase of your shares before the date of the special meeting. Chapter 13 of the California General Corporation Law is attached to this proxy statement/prospectus as Annex D.

Holders of Inverness common stock are not entitled to dissenters' rights in connection with the issuance of Inverness common stock in the merger.

Q: What will happen to Cholestech's outstanding options in the merger?

A: Cholestech's outstanding options will be assumed by Inverness in the merger. Each option so assumed will thereafter represent an option to purchase a number of shares of Inverness common stock equal to the number of shares of Cholestech common stock subject to the option immediately prior to the merger (whether or not vested) multiplied by the exchange ratio, which is 0.43642 (rounded down to the nearest whole share). The assumed options will have the same vesting and expiration provisions as the original Cholestech options. The exercise price per share for each assumed Cholestech option will be equal to the exercise price per share of the original Cholestech option divided by the exchange ratio, rounded up to the nearest whole cent.

Q: When and where will the special meeting of Cholestech stockholders be held?

A: The special meeting will be held at Cholestech's executive offices at 3347 Investment Boulevard, Hayward, California 94545 on August , 2007, at 10:00 A.M. local time.

Q: Who can attend and vote at the special meeting?

A: All Cholestech stockholders of record as of the close of business on the record date are entitled to receive notice of and to vote at the special meeting.

Q: What should I do now in order to vote on the proposals being considered at the special meeting?

A:

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Cholestech stockholders as of the record date may vote by proxy by completing, signing, dating and returning the enclosed proxy card in the accompanying pre-addressed postage paid envelope or by

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submitting a proxy over the Internet or by telephone following the instructions on the enclosed proxy card. If you hold Cholestech common stock in "street name," which means that your shares are held of record by a broker, bank or other nominee, you must complete, sign, date and return the enclosed voting instruction form to the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction form used by your broker, bank or other nominee to see if you may submit voting instructions using the Internet or telephone.

Additionally, you may also vote in person by attending the special meeting. If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held in "street name," and you wish to vote at the special meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the special meeting. Whether or not you plan to attend the special meeting, you should submit your proxy card or voting instruction form as described in this proxy statement/prospectus.

Q:

Do I need to send in my Cholestech stock certificates now?

A:

No. You should not send in your Cholestech stock certificates now. Following the merger, a letter of transmittal will be sent to Cholestech stockholders informing them where to deliver their Cholestech stock certificates in order to receive shares of Inverness common stock and any cash in lieu of a fractional share of Inverness common stock. You should not send in your Cholestech common stock certificates prior to receiving this letter of transmittal.

Q:

What will happen if I abstain from voting or fail to vote?

A:

Your abstention or failure to vote or to instruct your broker, bank or other nominee to vote if your shares are held in "street name" (referred to as a broker non-vote) will have the same effect as a vote against the proposal to approve the principal terms of the merger. With respect to the adjournment proposal, abstentions and broker non-votes will have no effect on the outcome of the vote on the proposal, as long as the shares voting affirmatively in favor of the proposal constitute at least a majority of the required quorum. To the extent that the shares voting affirmatively in favor of the proposal do not constitute at least a majority of the required quorum, abstentions and broker non-votes will have the same effect as a vote against the proposal. If you submit a signed proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted FOR the merger proposal and the adjournment proposal.

Q:

Can I change my vote after I have delivered my proxy?

A:

Yes. If you are a holder of record, you can change your vote at any time before your proxy is voted at the special meeting by:

delivering a signed written notice of revocation to the Corporate Secretary of Cholestech;

signing and delivering a new, valid proxy bearing a later date;

submitting another proxy by telephone or on the Internet (your latest telephone or Internet voting instructions will be followed); or

attending the special meeting and voting in person, although your attendance alone will not revoke your proxy.

If your shares are held in "street name," you must contact your broker, bank or other nominee to change your vote.

Q:

What should I do if I receive more than one set of voting materials for the special meeting?

A:

You may receive more than one set of voting materials for the special meeting, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction forms. For example, if you hold your shares in more than one

brokerage account, you will receive a separate

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voting instruction form for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. For each and every proxy card and voting instruction form you receive, please vote as soon as possible using one of the following methods: (1) by telephone by calling the toll free number as instructed on the enclosed proxy card, (2) by using the Internet as instructed on the enclosed proxy card or (3) by mail by completing, signing, dating and returning the enclosed proxy card as promptly as possible in the postage-prepaid envelope enclosed for that purpose.

Q:

Who can help answer my questions?

A:

If you have any questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card or voting instructions, you should contact:

**Cholestech Corporation
Attention: John Glenn
3347 Investment Boulevard
Hayward, California 94545
(510) 781-5065**

Toll Free within the United States and Canada: 1-800-733-0404

SUMMARY

The following is a summary that highlights information contained in this proxy statement/prospectus. This summary may not contain all of the information that may be important to you. For a more complete description of the merger agreement and the merger contemplated by the merger agreement, we encourage you to read carefully this entire proxy statement/prospectus, including the attached annexes. In addition, we encourage you to read the information incorporated by reference into this proxy statement/prospectus, which includes important business and financial information about Inverness and Cholestech that has been filed with the Securities and Exchange Commission, referred to as the SEC. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" beginning on page 145 of this proxy statement/prospectus.

The Companies

Inverness Medical Innovations, Inc.
51 Sawyer Road, Suite 200
Waltham, Massachusetts 02453
(781) 647-3900

Inverness is a leading global developer, manufacturer and marketer of in vitro diagnostic products for the over-the-counter pregnancy and fertility/ovulation test market and the professional rapid diagnostic test market. Its business is organized into three reportable segments: professional diagnostic products, consumer diagnostic products and vitamins and nutritional supplements. Through its professional diagnostics segment, Inverness develops, manufactures and markets an extensive array of innovative rapid diagnostic test products and other in vitro diagnostic tests to medical professionals and laboratories for detection of infectious diseases, cardiac conditions, drugs of abuse and pregnancy. Inverness' consumer diagnostic segment consists primarily of manufacturing operations related to its role as the exclusive manufacturer of products for SPD Swiss Precision Diagnostics, or Swiss Precision, Inverness' 50/50 joint venture with The Procter & Gamble Company, or P&G. Swiss Precision holds a leadership position in the worldwide over-the-counter pregnancy and fertility/ovulation test market. Inverness also manufactures and markets a variety of vitamins and nutritional supplements under its other brands and those of private label retailers primarily in the U.S. consumer market. Inverness has grown its businesses by leveraging its strong intellectual property portfolio and making selected strategic acquisitions. Its products are sold in approximately 90 countries through its direct sales force and an extensive network of independent global distributors.

Cholestech Corporation
3347 Investment Boulevard
Hayward, California 94545
(510) 732-7200

Cholestech is a leading provider of diagnostic tools and information for immediate risk assessment and therapeutic monitoring of heart disease and inflammatory disorders. Cholestech is committed to enabling people to lead longer, healthier and more active lives. Cholestech provides easy to use, accessible diagnostic tools and information to health care practitioners in over 35 countries around the world. Cholestech offers efficient and economic diagnostic testing for cholesterol and related lipids and liver enzymes at the point of care. Health care providers can use the CLIA-waived Cholestech LDX(R) System and the hs-CRP test, which is cleared by the FDA for use in moderate complexity labs, to initiate and monitor the progress of patient therapy. By providing effective disease management solutions, Cholestech's goal is to be a leading provider of diagnostic tools and information for immediate risk assessment and therapeutic monitoring of heart disease and inflammatory disorders. Cholestech was incorporated in the state of California in February 1988.

The Merger

(see page 94)

Inverness and Cholestech agreed to the acquisition of Cholestech by Inverness under the terms of the merger agreement that is described in this proxy statement/prospectus. Pursuant to the merger agreement, Iris Merger Sub, Inc., a wholly owned subsidiary of Inverness, will merge with and into Cholestech, with Cholestech surviving the merger and continuing as a wholly owned subsidiary of Inverness. Throughout this proxy statement/prospectus, we refer to Inverness' acquisition of Cholestech pursuant to the merger agreement as the merger. We have attached the merger agreement as Annex A to this proxy statement/prospectus. We encourage you to read carefully the merger agreement in its entirety because it is the legal document that governs the merger.

Merger Consideration and the Treatment of Cholestech Stock Options

Cholestech stockholders will receive 0.43642 shares of Inverness common stock, referred to as the exchange ratio, for each share of Cholestech common stock they own. As a result, Inverness expects to issue approximately 6,816,881 million shares of Inverness common stock in the merger based on the number of shares of Cholestech common stock outstanding on June 29, 2007. The stock to be issued to Cholestech stockholders by Inverness is referred to as the merger consideration. Each outstanding option to purchase Cholestech common stock will be assumed by Inverness and will be converted at the effective time of the merger into an option to acquire Inverness common stock. Each option so assumed will thereafter represent an option to purchase a number of shares of Inverness common stock equal to the number of shares of Cholestech common stock subject to the option immediately prior to the merger (whether or not vested) multiplied by the exchange ratio. The exercise price per share for each assumed Cholestech option will be equal to the exercise price per share of the original Cholestech option divided by the exchange ratio.

For a full description of the merger consideration, see "The Merger Agreement Conversion of Securities" beginning on page 94 of this proxy statement/prospectus. For a full description of the treatment of Cholestech stock options, see "The Merger Agreement Treatment of Cholestech Stock Options and Assumption of Cholestech Stock Option Plans; Termination of Employee Stock Purchase Plan" beginning on page 95 of this proxy statement/prospectus.

Fractional Shares

Inverness will not issue fractional shares of Inverness common stock in the merger. As a result, Cholestech stockholders will receive cash for any fractional share of Inverness common stock that they would otherwise be entitled to receive in the merger.

For a full description of the treatment of fractional shares, see "The Merger Agreement Fractional Shares" beginning on page 96 of this proxy statement/prospectus.

Risk Factors

(see page 26)

In evaluating the merger, you should carefully read this proxy statement/prospectus and especially consider the factors discussed in the section entitled "Risk Factors" beginning on page 26 of this proxy statement/prospectus.

Cholestech Stockholders' Meeting; Vote Required

(see page 58)

The special meeting of Cholestech stockholders will be held on August , 2007 at 10:00 A.M., local time, at Cholestech's executive offices at 3347 Investment Boulevard, Hayward, California 94545. At the special meeting, Cholestech stockholders will be asked to approve the principal terms of the merger and to grant discretionary authority to Cholestech management to vote your shares to adjourn the special meeting to a date not later than September , 2007 to solicit additional proxies if there are not sufficient votes for approval of the principal terms of the merger.

Only holders of record of Cholestech common stock at the close of business on July , 2007, the record date, are entitled to notice of and to vote at the special meeting. As of the record date, there were shares of Cholestech's common stock outstanding and entitled to vote at the special meeting.

Approval of the principal terms of the merger requires the affirmative vote of the holders of a majority of the outstanding shares of Cholestech common stock entitled to vote on the record date. Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Cholestech common stock present and voting, either in person or by proxy, (which shares voting affirmatively also must constitute at least a majority of the required quorum) at the special meeting.

Recommendation of Cholestech's Board of Directors

(see page 66)

Cholestech's board of directors has unanimously determined that the merger is advisable, fair to and in the best interests of Cholestech and its stockholders, and recommends that you vote "**FOR**" approval of the principal terms of the merger and "**FOR**" the proposal to grant discretionary authority to the persons named as proxies to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the principal terms of the merger.

In considering the recommendation of the Cholestech board of directors with respect to the merger, Cholestech stockholders should be aware that certain executive officers and directors of Cholestech have interests in the merger that may be different from, or in addition to, the interests of Cholestech stockholders generally. These interests include:

severance and change of control benefits that will be owed to certain executive officers of Cholestech if they are terminated after the transaction;

the positions at Inverness that certain Cholestech executive officers are expected to hold upon completion of the merger;

the continued indemnification and directors' and officers' insurance coverage of current Cholestech directors and officers following the merger; and

cash payments, made to certain executive officers of Cholestech, in lieu of annual stock option grants.

The Cholestech board of directors was aware of these interests and considered them, among other matters, in making its recommendation.

Opinion of Cholestech's Financial Advisor

(see page 69)

Cholestech's financial advisor, Savvian Advisors, LLC, or Savvian, delivered an opinion to the board of directors of Cholestech to the effect that, as of June 3, 2007 and based upon and subject to the various considerations described in its written opinion, the exchange ratio was fair from a financial point of view to the holders of the outstanding shares of Cholestech common stock.

The full text of the written opinion of Savvian, which sets forth the assumptions made, procedures followed, matters considered, and qualifications and limitations on the review undertaken by Savvian in rendering its opinion, is attached as Annex C to this proxy statement/prospectus. Holders of Cholestech common stock are urged to, and should, read the opinion carefully and in its entirety. Savvian provided its opinion for the information and assistance of the board of directors of Cholestech in connection with its consideration of the merger. The Savvian opinion addresses only the fairness, from a financial point of view, of the exchange ratio to the holders of Cholestech common stock as of the date of the Savvian opinion. The Savvian opinion does not address any other aspect of the proposed merger and does not constitute a recommendation as to how any holder of Cholestech common stock should vote or act with respect to the merger or any other matter.

Ownership of Inverness Following the Merger

Based on the number of shares of Cholestech common stock outstanding as of the record date, Inverness expects to issue approximately _____ million shares of Inverness common stock in the merger. Based on the number of shares of Cholestech common stock and the number of shares of Inverness common stock outstanding on the record date, after completion of the merger, former Cholestech stockholders are expected to own approximately _____ % of the then-outstanding shares of Inverness common stock.

Share Ownership of Cholestech Directors and Executive Officers

As of the record date, the directors and executive officers of Cholestech beneficially owned and were entitled to vote _____ shares of Cholestech common stock, which represent approximately _____ % of the Cholestech common stock outstanding on that date. Concurrently with the execution and delivery of the merger agreement, on June 4, 2007, Inverness entered into a voting agreement with each of the directors and certain executive officers of Cholestech. For more information regarding the voting agreements, see "The Voting Agreements" beginning on page 110 of this proxy statement/prospectus. The form of voting agreement is attached to this proxy statement/prospectus as Annex B.

Listing of Inverness Common Stock and Delisting and Deregistration of Cholestech Common Stock

(see page 90)

Application will be made to have the shares of Inverness common stock issued in the merger approved for listing on the American Stock Exchange. If the merger is completed, Cholestech common stock will no longer be listed on the Nasdaq Global Market and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to as the Exchange Act, and Cholestech will no longer file periodic reports with the SEC.

Dissenters' Rights

(see page 90)

In the event that the stockholders of at least 5% of the outstanding shares of Cholestech common stock have filed a demand for payment under Chapter 13 of the California General Corporation Law no later than the date of the special meeting, the Cholestech stockholders who have filed such a demand will have the right to have Cholestech purchase their shares at the fair market value of those shares determined under Chapter 13 of the California General Corporation Law. The shares subject to such purchase are called "dissenting shares." In general, to preserve their dissenters' rights, Cholestech stockholders who wish to exercise these rights must:

vote their shares of Cholestech common stock "**AGAINST**" approval of the principal terms of the merger;

deliver a written demand to Cholestech for purchase of their shares, which must be received by Cholestech no later than the date of the special meeting;

submit the dissenting shares for endorsement in accordance with Section 1302 of the California General Corporation Law;
and

comply with the other provisions of Chapter 13 of the California General Corporation Law, including continuously holding their shares of Cholestech common stock from the date they make the demand through the completion of the merger.

The text of the California General Corporation Law governing dissenters' rights is attached to this proxy statement/prospectus as Annex D. Your failure to comply with the procedures described in Annex D will result in the loss of your dissenters' rights.

Conditions to Completion of the Merger

(see page 105)

A number of conditions must be satisfied before the merger will be completed. These include, among others:

the receipt of the approval of the principal terms of the merger by Cholestech stockholders;

the effectiveness of a registration statement on Form S-4 and there being no pending or threatened stop order relating thereto;

the absence of any law or order that makes the consummation of the merger illegal;

the termination or expiration of all necessary waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, referred to as the HSR Act;

the absence of any instituted or pending action or proceeding by any governmental entity seeking (a) to interfere with the ownership or operation by Inverness of the business of Cholestech or Inverness or any of their subsidiaries, (b) to compel Inverness to dispose of or hold separate any portion of the business or assets of Cholestech or Inverness or any of their subsidiaries, (c) to impose limitations on the ability of Inverness to exercise full rights of ownership of the shares of Cholestech common stock or (d) to require divestiture by Inverness or any of its subsidiaries of any shares of Cholestech common stock;

the continued accuracy, in all material respects, of the representations and warranties of the parties regarding their capital structures and the due authorization of the merger agreement and, in the case of Cholestech, representations and warranties regarding its board approval, its fairness opinion, and the inapplicability of anti-takeover plans and statutes to the merger;

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the continued accuracy of all other representations and warranties of the parties, except to the extent that breaches of such representations and warranties would not result in a material adverse effect on the party making the representation or warranty;

the performance or compliance in all material respects of each party with all agreements and covenants contained in the merger agreement and required to be performed or complied with at or before the closing;

the delivery of tax opinions of legal counsel to the effect that the merger will qualify as a tax-free "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code;

the absence of material adverse effects with respect to either party since June 4, 2007; and

the authorization for listing on the American Stock Exchange of the shares of Inverness common stock to be issued in the merger.

Each of Inverness, Iris Merger Sub and Cholestech may waive the conditions to the performance of its respective obligations under the merger agreement and complete the merger even though one or more of these conditions have not been met. Neither Inverness nor Cholestech can give any assurance that all of the conditions to the merger will be either satisfied or waived or that the merger will occur.

Regulatory Matters

(see page 89)

The merger is subject to antitrust laws. Inverness and Cholestech have made all required filings under applicable U.S. antitrust laws with the Antitrust Division of the United States Department of Justice, referred to as the Antitrust Division, and the United States Federal Trade Commission, referred to as the FTC.

Cholestech Is Prohibited From Soliciting Other Offers

(see page 101)

The merger agreement contains detailed provisions that prohibit Cholestech, its subsidiaries and their respective officers, directors and representatives from taking any action to solicit or engage in discussions or negotiations with any person or group with respect to an acquisition proposal, as defined in the merger agreement, including an acquisition that would result in the person or group acquiring more than a 15% interest in Cholestech's total outstanding securities, a sale of assets of Cholestech that generate or constitute more than 10% of Cholestech's net revenue, net income or assets, or a merger or other business combination. The merger agreement does not, however, prohibit Cholestech's board of directors from considering and recommending to Cholestech's stockholders an unsolicited acquisition proposal from a third party if specified conditions are met.

Termination of the Merger Agreement and Termination Fee

(see page 107)

Under circumstances specified in the merger agreement, either Inverness or Cholestech may terminate the merger agreement. Subject to the limitations set forth in the merger agreement, the circumstances generally include if:

Inverness and Cholestech mutually agree to terminate the merger agreement;

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the merger is not consummated by December 3, 2007;

a final, non-appealable order is issued or granted by a governmental entity in the United States or any foreign jurisdiction that enjoins or otherwise prohibits the merger from proceeding; or

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the Cholestech stockholders do not approve the principal terms of the merger at the special meeting.

Inverness may also terminate the merger agreement if certain triggering events identified in the merger agreement occur; these triggering events generally relate to the obligations of Cholestech's board of directors to maintain its recommendation of the approval of the principal terms of the merger and the obligations of Cholestech regarding the solicitation or acceptance of competing proposals.

Under circumstances specified in the merger agreement, Cholestech may terminate the merger agreement to enter into a definitive agreement for a superior proposal, but only if it has complied with its obligations regarding the solicitation of competing proposals and has paid Inverness the termination fee described below.

Cholestech has agreed to pay Inverness \$9 million as a termination fee if:

the merger agreement is terminated following the occurrence of any of the triggering events identified in the merger agreement;

either party terminates the merger agreement because the merger is not consummated by December 3, 2007, or because the Cholestech stockholders do not approve the principal terms of the merger, in either case if, prior to the termination of the merger agreement, an acquisition proposal is publicly announced and, within twelve months following the termination, Cholestech enters into a definitive agreement providing for the acquisition of Cholestech; or

Cholestech terminates the merger agreement upon a change of recommendation by its board of directors in connection with a superior offer.

Either party may also terminate the merger agreement if the other party breaches any of its covenants, agreements, representations or warranties set forth in the merger agreement such that the conditions to the terminating party's obligation to effect the merger would not be satisfied at the time of termination and the breach is not cured, or curable, within 30 days after the terminating party delivers written notice of the breach to the other party.

Material United States Federal Income Tax Consequences of the Merger

(see page 86)

Inverness and Cholestech expect that the merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code, and it is a condition to closing that each of Inverness and Cholestech receive an opinion from legal counsel to the effect that the merger will so qualify. If the merger qualifies as a reorganization, Cholestech stockholders generally will not recognize any gain or loss upon the receipt of Inverness common stock in exchange for Cholestech common stock in connection with the merger, except for cash received in lieu of a fractional share of Inverness common stock.

Cholestech stockholders are urged to read the discussion in the section entitled "The Merger Material United States Federal Income Tax Consequences of the Merger" beginning on page 86 of this proxy statement/prospectus and to consult their tax advisors as to the United States federal income tax consequences of the merger, as well as the effect of state, local and foreign tax laws.

Accounting Treatment

(see page 90)

In accordance with accounting principles generally accepted in the United States, or GAAP, Inverness will account for the merger using the purchase method of accounting for business combinations.

Comparison of Rights of Inverness Stockholders and Cholestech Stockholders

(see page 127)

Cholestech stockholders, whose rights are currently governed by Cholestech's articles of incorporation, its bylaws, and California law, will, upon completion of the merger, become Inverness stockholders, and their rights will be governed by Inverness' certificate of incorporation, its bylaws, and Delaware law.

SUMMARY SELECTED HISTORICAL FINANCIAL DATA OF INVERNESS

The following selected financial data of Inverness as of and for each of the five fiscal years in the period ended December 31, 2006 have been derived from Inverness' audited historical financial statements. The following selected financial data of Inverness as of and for the three months ended March 31, 2007 and 2006 have been derived from Inverness' unaudited historical financial statements. The data below is only a summary and should be read in conjunction with Inverness' financial statements and accompanying notes, as well as management's discussion and analysis of financial condition and results of operations, all of which can be found in publicly available documents, including those incorporated by reference into this proxy statement/prospectus. For a complete list of the documents incorporated by reference into this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 145 of this proxy statement/prospectus.

	Year Ended December 31,					Three Months Ended March 31,	
	2002(1)	2003	2004	2005	2006	2006	2007
(unaudited) (in thousands, except per share data)							
Statement of Operations Data:							
Net product sales	\$ 200,399	\$ 285,430	\$ 365,432	\$ 406,457	\$ 552,130	\$ 122,753	\$ 153,749
License and royalty revenue	6,405	9,728	8,559	15,393	17,324	5,068	5,230
Net revenue	206,804	295,158	373,991	421,850	569,454	127,821	158,979
Cost of sales	114,653	167,641	226,987	269,538	340,231	75,567	80,641
Gross profit	92,151	127,517	147,004	152,312	229,223	52,254	78,338
Operating expenses:							
Research and development	14,508	24,367	31,954	30,992	53,666	10,610	12,009
Sales and marketing	39,570	52,504	57,957	72,103	94,445	20,822	28,331
General and administrative	38,628	35,812	52,707	59,990	71,243	15,838	22,659
Loss on dispositions, net					3,498		
Charge related to asset impairment	12,682						
Operating income (loss)	(13,237)	14,834	4,386	(10,773)	6,371	4,984	15,339
Interest expense and other expenses, net	(5,955)	(3,270)	(18,707)	(1,617)	(17,486)	(6,149)	(3,155)
(Loss) income from continuing operations before provision for income taxes	(19,192)	11,564	(14,321)	(12,390)	(11,115)	(1,165)	12,184
Provision for income taxes	3,443	2,911	2,275	6,819	5,727	1,465	5,879
(Loss) income from continuing operations	\$ (22,635)	\$ 8,653	\$ (16,596)	\$ (19,209)	\$ (16,842)	\$ (2,630)	\$ 6,305
(Loss) income from continuing operations available to common stockholders basic and diluted (2)	\$ (34,583)	\$ 7,695	\$ (17,345)	\$ (19,209)	\$ (16,842)	\$ (2,630)	\$ 6,305
(Loss) income per common share (2):							
Basic (2)	\$ (3.48)	\$ 0.49	\$ (0.87)	\$ (0.79)	\$ (0.49)	\$ (0.09)	\$ 0.14
Diluted (2)	\$ (3.48)	\$ 0.44	\$ (0.87)	\$ (0.79)	\$ (0.49)	\$ (0.09)	\$ 0.14

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	December 31,					March 31,	
	2002(1)	2003	2004	2005	2006	2006	2007

(unaudited)
(in thousands)

Balance Sheet Data:

Cash and cash equivalents	\$ 30,668	\$ 24,622	\$ 16,756	\$ 34,270	\$ 71,104	\$ 33,525	\$ 180,941
Working capital	27,685	44,693	62,615	84,523	133,313	93,678	287,148
Total assets	356,495	540,529	568,269	791,166	1,085,771	906,269	1,340,374
Total debt	104,613	176,181	191,224	262,504	202,976	257,480	159,008
Redeemable convertible preferred stock	9,051	6,185					
Total stockholders' equity	161,849	265,173	271,416	397,308	714,138	506,705	1,026,679

(1)

Upon the adoption of Statement of Financial Accounting Standards, or SFAS, No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002, Inverness recorded an impairment charge of \$12.1 million, or \$1.22 per basic and diluted share, and accounted for the charge as a cumulative effect of a change in accounting principle which was subtracted from loss before provision for income taxes to arrive at net loss. Consequently, net loss available to common stockholders in 2002 was \$46.7 million, or \$4.70 per basic and diluted share.

(2)

(Loss) income available to common stockholders and basic and diluted (loss) income per common share are computed as described in Notes 2(m) and 13 of Inverness' consolidated financial statements included in its Annual Report on Form 10-K for the year ended December 31, 2006.

SUMMARY SELECTED HISTORICAL FINANCIAL DATA OF CHOLESTECH

The following selected financial data of Cholestech as of and for each of the five fiscal years in the period ended March 30, 2007 have been derived from Cholestech's audited historical financial statements. The data below is only a summary and should be read in conjunction with Cholestech's financial statements and accompanying notes, as well as management's discussion and analysis of financial condition and results of operations, all of which can be found in publicly available documents, including those incorporated by reference into this proxy statement/prospectus. For a complete list of the documents incorporated by reference into this proxy statement/prospectus, please see "Where You Can Find More Information" beginning on page 145 of this proxy statement/prospectus.

	March 31, (1)				
	2003	2004	2005	2006	2007
(In thousands, except per share data)					
Statement of Operations Data:					
Revenue	\$ 48,541	\$ 52,376	\$ 52,877	\$ 64,093	\$ 69,526
Cost of revenue	20,424	23,180	21,390	23,902	23,042
Gross profit	28,117	29,196	31,487	40,191	46,484
Operating expenses:					
Sales and marketing	11,737	12,654	11,494	13,036	14,785
Research and development	2,722	3,159	4,252	7,553	6,280
General and administrative	7,008	8,153	9,864	11,230	13,718
Other operating costs		250			
Litigation and other related	307	7,786			
Total operating expenses	21,774	32,002	25,610	31,819	34,783
Income (loss) from operations	6,343	(2,806)	5,877	8,372	11,701
Interest and other income, net	438	334	243	923	2,158
Income (loss) before taxes	6,781	(2,472)	6,120	9,295	13,859
Provision (benefit) for income taxes (2)	(3,934)	(11,179)	1,972	3,661	4,453
Income from continuing operations	10,715	8,707	4,148	5,634	9,406
Loss from discontinued operations	(1,377)				
Loss from sale of discontinued operations	(4,445)				
Net income	\$ 4,893	\$ 8,707	\$ 4,148	\$ 5,634	\$ 9,406
Income from continuing operations per share:					
Basic	\$ 0.79	\$ 0.63	\$ 0.29	\$ 0.38	\$ 0.62
Diluted	\$ 0.76	\$ 0.61	\$ 0.29	\$ 0.38	\$ 0.61
Loss from discontinued operations per share:					
Basic	\$ (0.43)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Diluted	\$ (0.41)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Net income per share:					
Basic	\$ 0.36	\$ 0.63	\$ 0.29	\$ 0.38	\$ 0.62

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March 31, (1)

	\$ 0.35	\$ 0.61	\$ 0.29	\$ 0.38	\$ 0.61
Diluted					
Shares used to compute net income per share (3):					
Basic	13,551	13,922	14,295	14,687	15,106
Diluted	14,077	14,235	14,472	15,013	15,468

19

	March 31, (1)				
	2003	2004	2005	2006	2007
	(in thousands)				
Balance Sheet Data:					
Cash, cash equivalents and marketable securities and long term marketable securities	\$ 26,081	\$ 23,602	\$ 33,468	\$ 42,676	\$ 62,452
Working capital	22,579	23,986	33,578	37,290	63,025
Total assets	52,012	63,230	74,121	80,702	100,701
Accumulated deficit	(37,587)	(28,880)	(24,732)	(19,098)	(9,692)
Stockholders' equity	44,728	57,278	66,592	74,132	94,215

- (1) Cholestech's fiscal year is a 52-53 week period ending on the last Friday in March. Fiscal years 2003, 2004 and 2005 referenced in its Annual Report on Form 10-K consisted of 52 weeks. Fiscal year 2006 consisted of 53 weeks and fiscal year 2007 referenced in its Annual Report on Form 10-K consisted of 52 weeks. For convenience, Cholestech indicated in its Annual Report on Form 10-K that its fiscal year ends on March 31 and refers to the fiscal year ending March 28, 2003 as fiscal year 2003, March 26, 2004 as fiscal year 2004, March 25, 2005 as fiscal year 2005, March 31, 2006 as fiscal year 2006, and the fiscal year ending March 30, 2007 as fiscal year 2007.
- (2) Benefit for income taxes in fiscal years 2003 and 2004 includes a \$4.2 million and \$10.2 million, respectively, gain from a net deferred income tax benefit which resulted from the reversal of a portion of the valuation allowance previously established for deferred tax assets, primarily net operating losses.
- (3) An explanation of the shares used to compute net income per share is provided in Note 1 of Cholestech's consolidated financial statements included in its Annual Report on Form 10-K for the year ended March 30, 2007.

SUMMARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following table presents summary unaudited pro forma condensed combined financial data that reflects the proposed acquisition of Cholestech by Inverness. This information also reflects the following significant acquisitions and dispositions that Inverness has completed since December 31, 2005:

Inverness' acquisition of Biosite in June 2007, including the related financing transactions;

the formation of Inverness' 50/50 joint venture with P&G in May 2007 for the development, manufacturing, marketing and sale of certain consumer diagnostic products, pursuant to which Inverness contributed its consumer diagnostics net assets to the joint venture and received a cash payment of \$325 million;

Inverness' acquisition of Instant Technologies in March 2007; and

Inverness' acquisition of the Innovacon business, including the ABON facility, in March 2006.

This information is derived from and should be read in conjunction with the "Selected Unaudited Pro Forma Condensed Combined Financial Data" beginning on page 111, and the historical financial statements and notes thereto of Inverness and Cholestech that are incorporated by reference in this proxy statement/prospectus. This information does not reflect the pro forma effect of other acquisitions that Inverness has completed since December 31, 2005, none of which is significant enough to require the presentation of pro forma financial information. All acquisitions are reflected using the purchase method of accounting, and the actual operating results of Instant and the Innovacon business are included in Inverness' historical financial results only from their respective dates of acquisition.

The unaudited pro forma condensed combined statements of operations data assume that the pending acquisition of Cholestech, the acquisitions of Biosite, Instant and Innovacon and the consummation of the 50/50 joint venture with P&G occurred on January 1, 2006. The unaudited pro forma condensed combined balance sheet data assume that the pending acquisition of Cholestech, the acquisition of Biosite and the related financing transactions, and the consummation of the 50/50 joint venture with P&G occurred on March 31, 2007. The historical Inverness balance sheet as of March 31, 2007 reflects Instant and Innovacon.

The pro forma data in the table assume that the merger is accounted for using the purchase method of accounting and represent a current estimate based on available information of the combined company's results of operations for the periods presented. As of the date of this document, Inverness has not completed the detailed valuation studies necessary to arrive at the required estimates of the fair market value of the Cholestech assets to be acquired and liabilities to be assumed and the related allocations of purchase price, nor has it identified all the adjustments necessary to conform Cholestech's data to Inverness' accounting policies. Similarly, Inverness has not completed the detailed valuation studies necessary to arrive at the required estimates of the fair market value of the assets acquired and liabilities assumed in the Biosite and Instant acquisitions and the related allocations of their respective purchase prices, nor has it identified all the adjustments necessary to conform the data of Biosite and Instant to Inverness' accounting policies. However, Inverness has made certain adjustments to the historical book values of the assets and liabilities of Cholestech, Biosite and Instant as of March 31, 2007 to reflect certain preliminary estimates of the fair values necessary to prepare the unaudited pro forma condensed combined financial data. The fair value adjustments included in the unaudited pro forma condensed combined financial data represent management's estimates of these adjustments based upon currently available information. The preliminary purchase price allocations assigned value to certain identifiable intangible assets, including, among other things, customer relationships, core technology and trademarks. Actual results may differ from this unaudited pro forma combined data once Inverness has determined the respective final purchase prices for Cholestech, Biosite and Instant and has completed the detailed valuation studies necessary to finalize the required

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purchase price allocations and identified any necessary conforming accounting policy changes for Cholestech, Biosite and Instant. Accordingly, the final purchase price allocations, which will or may be determined subsequent to the closing of the merger, and their effects on results of operations, may differ materially from the unaudited pro forma combined amounts included in this section.

The unaudited pro forma condensed combined financial data are presented for illustrative purposes only and do not purport to be indicative of the results of operations or financial position for future periods or the results that actually would have been realized had the merger or the other transactions described above been consummated as of January 1, 2006 or March 31, 2007.

	Year Ended December 31, 2006	Three Months Ended March 31, 2007
(in thousands, except per share amounts)		
Pro Forma Condensed Combined Statement of Operations Data:		
Net product sales	\$ 866,305	\$ 233,577
Research and license revenues	22,655	6,499
Net revenues	\$ 888,960	\$ 240,076
Cost of sales	480,886	116,641
Gross profit	408,074	123,435
Operating expenses:		
Research and development	108,136	22,926
Sales and marketing	186,139	48,790
General and administrative	145,856	28,739
Loss on dispositions	3,498	
Total operating expenses	443,629	100,455
Operating income	(35,555)	22,980
Interest and other income (expense), net	(106,680)	(22,004)
(Loss) income before income taxes	(142,235)	976
Income tax provision	4,649	4,960
Net loss	\$ (146,884)	\$ (3,984)
Net loss per common share:		
Basic and diluted	\$ (3.47)	\$ (0.08)
Weighted average shares basic	42,275	51,552
Weighted average shares diluted	42,275	54,448

As of
March 31, 2007

(in thousands)

Pro Forma Condensed Combined Balance Sheet Data:	
Cash and cash equivalents	\$ 106,402
Working capital	205,334
Total assets	3,373,343
Total long-term liabilities, excluding current portion	1,807,174

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As of
March 31, 2007

Total stockholders' equity

22

1,371,552

COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following table presents for Inverness common stock and Cholestech common stock certain historical, pro forma, pro forma combined and pro forma combined equivalent per share financial information. The pro forma financial information for Inverness reflects the following significant acquisitions and dispositions that Inverness has completed since December 31, 2005:

Inverness' acquisition of Biosite in June 2007, including the related financing transactions;

the formation of Inverness' 50/50 joint venture with P&G in May 2007 for the development, manufacturing, marketing and sale of certain consumer diagnostic products, pursuant to which Inverness contributed its consumer diagnostics net assets to the joint venture and received a cash payment of \$325 million;

Inverness' acquisition of Instant Technologies in March 2007; and

Inverness' acquisition of the Innovacon business, including the ABON facility, in March 2006.

For more pro forma financial information regarding these transactions, including certain estimates and assumptions made by Inverness with respect to that information, see "Selected Unaudited Pro Forma Condensed Combined Financial Data" beginning on page 111. The pro forma financial information for Inverness does not reflect the pro forma effect of other acquisitions that Inverness has completed since December 31, 2005, none of which is significant enough to require the presentation of pro forma financial information. Moreover, the actual operating results of Instant and the Innovacon business are included in Inverness' historical financial results only from their dates of acquisition on March 12, 2007 and March 31, 2006, respectively.

For purposes of preparing the following pro forma per share data, the historical financial information for both Inverness and Cholestech is based on the year ended December 31, 2006 and the three months ended March 31, 2007. These periods differ from the fiscal periods that Cholestech uses for financial reporting purposes, and accordingly the following historical financial information for Cholestech does not match Cholestech's historical financial statements filed with the SEC.

The pro forma, pro forma combined and pro forma combined equivalent income and dividend per share data assume that the pending acquisition of Cholestech and the other transactions described above occurred on January 1, 2006. The pro forma, pro forma combined and pro forma combined equivalent net book value per share data assume that the pending acquisition of Cholestech and the other transactions described above (other than the Instant and Innovacon acquisitions) occurred on March 31, 2007. The historical Inverness balance sheet as of March 31, 2007 reflects Instant and Innovacon. The pro forma combined equivalent data are calculated by multiplying the pro forma combined data by the exchange ratio of 0.43642.

The pro forma, pro forma combined and pro forma combined equivalent data are presented for illustrative purposes only and do not purport to be indicative of the results of operations or financial

position for future periods or the results that actually would have been realized had the merger or the other transactions described above been consummated as of January 1, 2006 or March 31, 2007.

	<u>Year Ended/As of December 31, 2006</u>	<u>Three Months Ended/As of March 31, 2007</u>
Inverness historical data:		
Net income (loss) per basic share	\$ (0.49)	\$ 0.14
Net income (loss) per diluted share	\$ (0.49)	\$ 0.14
Cash dividends per share		
Book value per share		\$ 21.96
Inverness pro forma data(1):		
Net loss per basic share	\$ (4.36)	\$ (0.15)
Net loss per diluted share	\$ (4.36)	\$ (0.15)
Cash dividends per share		
Book value per share		\$ 22.06
Cholestech historical data:		
Net income per basic share	\$ 0.54	\$ 0.22
Net income per diluted share	\$ 0.53	\$ 0.21
Cash dividends per share		
Book value per share		\$ 6.05
Pro forma combined data(2):		
Net loss per basic share	\$ (3.47)	\$ (0.08)
Net loss per diluted share	\$ (3.47)	\$ (0.08)
Cash dividends per share		
Book value per share		\$ 25.59
Pro forma combined equivalent data:		
Net loss per basic share	\$ (1.51)	\$ (0.03)
Net loss per diluted share	\$ (1.51)	\$ (0.03)
Cash dividends per share		
Book value per share		\$ 11.17

(1) Reflects the pro forma effects of the acquisitions of Biosite, Instant and the Innoacon business and the formation of the 50/50 joint venture with P&G.

(2) Reflects the pro forma effects of both the transactions described in note (1) and the proposed acquisition of Cholestech.

COMPARATIVE PER SHARE MARKET PRICE DATA

Inverness common stock trades on the American Stock Exchange under the symbol "IMA." Cholestech common stock trades on the Nasdaq Global Market under the symbol "CTEC."

The following table sets forth the closing prices for Inverness common stock and Cholestech common stock as reported on the American Stock Exchange and the Nasdaq Global Market, respectively, on June 1, 2007, the last trading day before Inverness and Cholestech announced the merger, and July , 2007, the last trading day before the date of this proxy statement/prospectus. The table also includes the market value of Cholestech common stock on an equivalent price per share basis, as determined by reference to the value of merger consideration to be received in respect of each share of Cholestech common stock in the merger. These equivalent prices per share reflect the fluctuating value of the Inverness common stock that Cholestech stockholders would receive in exchange for each share of Cholestech common stock if the merger was completed on either of these dates, applying the exchange ratio of 0.43642 shares of Inverness common stock for each share of Cholestech common stock.

	Inverness Common Stock	Cholestech Common Stock	Equivalent Value of Cholestech Common Stock
June 1, 2007	\$ 48.17	\$ 16.79	\$ 21.02
July , 2007			

The above table shows only historical comparisons. These comparisons may not provide meaningful information to Cholestech stockholders in determining whether to approve the principal terms of the merger. Cholestech stockholders are urged to obtain current market quotations for Inverness and Cholestech common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus, when considering whether to approve the principal terms of the merger. See "Where You Can Find More Information" beginning on page 145 of this proxy statement/prospectus.

RISK FACTORS

In addition to the other information included in this proxy statement/prospectus, including the matters addressed in "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 57 of this proxy statement/prospectus, you should carefully consider the following risks before deciding whether to vote for approval of the principal terms of the merger. In addition, you should read and consider the risks associated with each of the businesses of Inverness and Cholestech because these risks will also affect the combined company.

Risk Factors Relating to the Merger

The integration of the operations of Inverness and Cholestech may be difficult and may lead to adverse effects.

The success of the merger will depend, in part, on the ability of Inverness to realize the anticipated synergies, cost savings and growth opportunities from integrating Cholestech's business with Inverness' businesses. Inverness' success in realizing these benefits and the timing of this realization depend upon the successful integration of the operations of Cholestech. The integration of two independent companies is a complex, costly and time-consuming process. The difficulties of combining the operations of the companies include, among others:

consolidating manufacturing and research and development operations, where appropriate;

integrating Cholestech's business into Inverness' financial reporting system;

coordinating sales, distribution and marketing functions;

preserving the important licensing, research and development, manufacturing and supply, distribution, marketing, customer and other relationships of Cholestech;

minimizing the diversion of management's attention from ongoing business concerns; and

coordinating geographically separate organizations.

Inverness and Cholestech may not accomplish this integration smoothly or successfully. The diversion of the attention of management from its current operations to the integration effort and any difficulties encountered in combining operations could prevent Inverness from realizing the full benefits anticipated to result from the merger and adversely affect other Inverness businesses.

The price of Inverness common stock may decline, which would decrease the value of the merger consideration to be received by Cholestech stockholders in the merger.

The price of Inverness common stock might decline from the \$48.17 price per share at the close of trading on June 1, 2007, the last full trading day prior to the public announcement of the merger. The exchange ratio will not be adjusted as a result of any change in the price of Inverness common stock or Cholestech common stock. Therefore, the value of the merger consideration to be received by Cholestech stockholders will depend on the market price of Inverness common stock at the time the merger becomes effective. Cholestech does not have the right to terminate the merger agreement or resolicit the vote of its stockholders based solely on changes in the value of Inverness common stock. Accordingly, if the price of Inverness common stock declines prior to the completion of the merger, the value of the merger consideration to be received by Cholestech stockholders in the merger will decrease as compared to the value on the date the merger was announced. See "The Merger Agreement Conversion of Securities" beginning on page 94 of this proxy statement/prospectus.

In addition, because the merger will be completed after the special meeting, Cholestech stockholders will not know the exact value of the Inverness common stock that will be issued in the merger when they vote on the merger proposal. As a result, a decline in the market price of Inverness

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common stock after the special meeting will reduce the value of the merger consideration that Cholestech stockholders will receive.

During the twelve-month period ending on June 29, 2007, the closing price of Inverness common stock varied from a low of \$25.99 to a high of \$53.85, and ended that period at \$51.02. We encourage you to obtain current market quotations for Inverness common stock before you vote your shares.

Inverness and Cholestech may be unable to obtain the regulatory approvals required to complete the merger.

The merger is subject to review by the Antitrust Division and the FTC under the HSR Act. Under the HSR Act, Inverness and Cholestech were required to make pre-merger notification filings and must await the expiration of the statutory waiting period before completing the merger. Inverness and Cholestech submitted the filings required by the HSR Act on June 22, 2007. Inverness and Cholestech do not believe that the merger is subject to review by any other governmental authorities under the antitrust laws of the other jurisdictions where Inverness and Cholestech conduct business.

While Inverness and Cholestech expect to obtain required regulatory clearances, consents and approvals, Inverness and Cholestech cannot be certain that any required approvals will be obtained, nor can they be certain that the approvals will be obtained within the time contemplated by the merger agreement. A delay in obtaining any required clearances, consents and approvals might delay and may possibly prevent the completion of the merger.

In addition, during or after the statutory waiting periods and clearance of the merger, and even after completion of the merger, either the Antitrust Division, the FTC, or other United States or foreign governmental authorities could challenge or seek to block the merger under the antitrust laws, as they deem necessary or desirable in the public interest. Moreover, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. Inverness and Cholestech cannot be sure that a challenge to the merger will not be made or that, if a challenge is made, Inverness and Cholestech will prevail. For a full description of the regulatory clearances, consents and approvals required for the merger, see "The Merger Regulatory Matters" beginning on page 89 of this proxy statement/prospectus.

The merger agreement limits Cholestech's ability to pursue alternatives to the merger.

The merger agreement contains provisions that make it more difficult for Cholestech to sell its business to a party other than Inverness. These provisions include the general prohibition on Cholestech soliciting any acquisition proposal or offer for a competing transaction, the requirement that Cholestech pay a termination fee of \$9 million if the merger agreement is terminated in specified circumstances and the requirement that Cholestech submit the principal terms of the merger to a vote of Cholestech stockholders, even if the Cholestech board of directors changes its recommendation, unless, prior to the stockholder vote, Cholestech enters into a definitive agreement for a competing acquisition that its board of directors determines to be superior, terminates the merger agreement and pays the termination fee. See "The Merger Agreement Termination" beginning on page 107 of this proxy statement/prospectus "The Merger Agreement Termination Fee" beginning on page 108 of this proxy statement/prospectus and "The Merger Agreement Obligation of Cholestech's Board of Directors with Respect to Its Recommendation and Holding of a Stockholders' Meeting" beginning on page 100 of this proxy statement/prospectus.

These provisions might discourage a third party that might have an interest in acquiring all of or a significant part of Cholestech from considering or proposing that acquisition, even if that party were prepared to pay consideration with a higher per share market price than the current proposed merger consideration. Furthermore, the termination fee may result in a potential competing acquiror proposing

to pay a lower per share price to acquire Cholestech than it might otherwise have proposed to pay. The payment of the termination fee could also have an adverse effect on Cholestech's financial condition.

Certain directors and executive officers of Cholestech have interests in the merger that may be different from, or in addition to, the interests of Cholestech stockholders.

When considering the Cholestech board of directors' recommendation that Cholestech stockholders vote in favor of the proposal to approve the principal terms of the merger, Cholestech stockholders should be aware that some directors and executive officers of Cholestech have interests in the merger that may be different from, or in addition to, the interests of Cholestech stockholders. These interests include agreements that provide for payments following a change of control, including the acceleration of the vesting of stock options, and the right to continued indemnification and insurance coverage by Inverness for acts or omissions occurring prior to the merger. As a result of these interests, these directors and officers could be more likely to recommend a vote in favor of approval of the principal terms of the merger than if they did not hold these interests, and may have reasons for doing so that are not the same as the interests of other Cholestech stockholders. For a full description of the interests of directors and executive officers of Cholestech in the merger, see "The Merger Interests of Executive Officers and Directors of Cholestech in the Merger" beginning on page 82 of this proxy statement/prospectus.

Inverness expects to record a significant amount of goodwill and other intangible assets in connection with the merger, which may result in significant future charges against earnings if the goodwill and other intangible assets become impaired.

In connection with the accounting for the merger, Inverness expects to record a significant amount of goodwill and other intangible assets. Under SFAS No. 142, Inverness must assess, at least annually and potentially more frequently, whether the value of goodwill and other intangible assets has been impaired. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings, which could materially adversely affect Inverness' results of operations in future periods.

Inverness faces different market risks from those faced by Cholestech, and these risks may cause the value of the shares of Inverness common stock issued to you to decline.

In the merger you will receive shares of Inverness common stock. The business, strategy and financial condition of Inverness are different from that of Cholestech. Inverness' results of operations, as well as the price of Inverness common stock, will be affected by factors that may be different from those affecting Cholestech's results of operations and its common stock price. For a description of the businesses of Inverness and Cholestech and certain risks relating to their businesses, see the sections of this proxy statement/prospectus entitled "The Companies," "Risk Factors Risks Relating to Inverness" and "Risk Factors Risks Relating to Cholestech." For a more detailed description of the businesses of Inverness and Cholestech, see Inverness' Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and Cholestech's Annual Report on Form 10-K for the fiscal year ended March 31, 2007, each of which is incorporated by reference into this proxy statement/prospectus.

Failure to complete the merger could negatively impact Cholestech's stock price and future business and operations.

If the merger is not completed for any reason, Cholestech may be subject to a number of material risks, including the following:

Cholestech may incur approximately \$1.25 million in merger-related expenses without realizing the expected benefits of the merger;

Cholestech may be required to pay Inverness a termination fee of \$9 million;

the price of Cholestech common stock may decline to the extent that the current market price of Cholestech common stock reflects an assumption that the merger will be completed; and

Cholestech must pay its accrued costs related to the merger, such as legal and accounting fees, even if the merger is not completed.

In addition, Cholestech's customers may, in response to the announcement of the merger, delay or defer purchasing decisions. Any delay or deferral in purchasing decisions by Cholestech customers could have a material adverse effect on Cholestech's business, regardless of whether or not the merger is ultimately completed. Similarly, current and prospective Cholestech employees may experience uncertainty about their future role with Inverness until Inverness' strategies with regard to Cholestech are announced or executed. This uncertainty may adversely affect Cholestech's ability to attract and retain key management, marketing, technical, manufacturing, administrative, sales and other personnel.

Risk Factors Relating to Inverness

Inverness' business has substantial indebtedness, which could, among other things, make it more difficult for Inverness to satisfy its debt obligations, require Inverness to use a large portion of its cash flow from operations to repay and service its debt or otherwise create liquidity problems, limit its flexibility to adjust to market conditions, place it at a competitive disadvantage and expose it to interest rate fluctuations.

Inverness currently has, and will likely continue to have, a substantial amount of indebtedness. As of June 30, 2007, in addition to other indebtedness, Inverness had approximately \$993 million in aggregate principal amount of indebtedness outstanding under its senior secured credit facilities, or the senior secured facility, \$250 million in aggregate principal amount of indebtedness outstanding under a junior secured credit facility, or the junior secured facility (collectively with the senior secured facility, the secured credit facilities), and \$150 million in indebtedness under its outstanding 3% senior subordinated convertible notes, or the senior subordinated convertible notes. Upon completion of syndication, the term loan under the senior secured facility is expected to bear interest at a rate per annum of LIBOR plus 2.00%, while the revolving line of credit is expected to bear interest at a rate per annum of LIBOR plus between 1.75% and 2.25%, depending on our consolidated leverage ratio. The junior secured facility bears interest at a rate per annum of LIBOR plus 4.25%. Inverness also had \$57 million of additional borrowing capacity under the revolving portions of the senior secured facility and, subject to restrictions in Inverness' secured credit facilities and the senior subordinated convertible notes, has the ability to incur additional indebtedness.

Inverness' substantial indebtedness could affect its future operations in important ways. For example, it could:

make it more difficult to satisfy Inverness' obligations under the senior subordinated convertible notes, its secured credit facilities and its other debt-related instruments;

require Inverness to use a large portion of its cash flow from operations to pay principal and interest on its indebtedness, which would reduce the amount of cash available to finance its operations and service obligations, to delay or reduce capital expenditures or the introduction of new products and/or forego business opportunities, including acquisitions, research and development projects or product design enhancements;

limit Inverness' flexibility to adjust to market conditions, leaving it vulnerable in a downturn in general economic conditions or in its business and less able to plan for, or react to, changes in its business and the industries in which it operates;

impair Inverness' ability to obtain additional financing;

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place Inverness at a competitive disadvantage compared to its competitors that have less debt; and

expose Inverness to fluctuations in the interest rate environment with respect to its indebtedness that bears interest at variable rates.

Inverness expects to obtain the money to pay its expenses and to pay the principal and interest on the senior subordinated convertible notes, its secured credit facilities and its other debt from cash flow from its operations and from additional loans under its secured credit facilities, subject to continued covenant compliance, and potentially from other debt or equity offerings. Inverness' ability to meet its expenses thus depends on its future performance, which will be affected by financial, business, economic and other factors. Inverness will not be able to control many of these factors, such as economic conditions in the markets in which it operates and pressure from competitors. Inverness cannot be certain that its cash flow will be sufficient to allow it to pay principal and interest on its debt and meet its other obligations. If Inverness' cash flow and capital resources prove inadequate, it could face substantial liquidity problems and might be required to dispose of material assets or operations, restructure or refinance its debt, including the notes, seek additional equity capital or borrow more money. Inverness cannot guarantee that it will be able to do so on acceptable terms. In addition, the terms of existing or future debt agreements, including the credit agreements governing Inverness' secured credit facilities and the indenture governing the senior subordinated convertible notes, may restrict Inverness from adopting any of these alternatives.

Inverness has entered into agreements governing its indebtedness that subject it to various restrictions that may limit its ability to pursue business opportunities.

The agreements governing Inverness' indebtedness, including the credit agreements governing its secured credit facilities and the indenture governing the senior subordinated convertible notes, subject Inverness to various restrictions on its ability to engage in certain activities, including, among other things, its ability to:

incur additional indebtedness;

pay dividends or make distributions or repurchase or redeem its stock;

acquire other businesses;

make investments;

make loans to or extend credit for the benefit of third parties or its subsidiaries;

enter into transactions with affiliates;

raise additional capital;

make capital or finance lease expenditures;

dispose of or encumber assets; and

consolidate, merge or sell all or substantially all of its assets.

These restrictions may limit Inverness' ability to pursue business opportunities or strategies that it would otherwise consider to be in its best interests.

Inverness' secured credit facilities contain certain financial covenants that it may not satisfy which, if not satisfied, could result in the acceleration of the amounts due under these facilities and the limitation of its ability to borrow additional funds in the future.

The agreements governing Inverness' secured credit facilities subject it to various financial and other covenants with which it must comply on an ongoing or periodic basis. These include covenants pertaining to capital expenditures, interest coverage ratios, leverage ratios and minimum cash requirements. If Inverness violates any of these covenants, it may suffer a material adverse effect. Most notably, Inverness' outstanding debt under its secured credit facilities could become immediately due and payable, its lenders could proceed against any collateral securing such indebtedness, and its ability to borrow additional funds in the future may be limited.

A default under any of the agreements governing Inverness' indebtedness could result in a default and acceleration of indebtedness under other agreements.

The agreements governing Inverness' indebtedness, including the credit agreements governing its secured credit facilities and the indenture governing the senior subordinated convertible notes, contain cross-default provisions whereby a default under one agreement could result in a default and acceleration of its repayment obligations under other agreements. If a cross-default were to occur, Inverness may not be able to pay its debts or borrow sufficient funds to refinance them. Even if new financing were available, it may not be on commercially reasonable terms or acceptable terms. If some or all of Inverness' indebtedness is in default for any reason, its business, financial condition and results of operations could be materially and adversely affected.

Inverness may not be able to satisfy its debt obligations upon a fundamental change or change of control, which could limit its opportunity to enter into a fundamental change or change of control transaction.

Upon the occurrence of a "fundamental change," as defined in the indenture governing the senior subordinated convertible notes, each holder of Inverness' senior subordinated convertible notes will have the right to require Inverness to purchase the notes at a price equal to 100% of the principal amount, together with any accrued and unpaid interest. A fundamental change includes, among other things, the acquisition of more than 50% of the Inverness common stock by any person or group, the sale of all or substantially all of the assets of Inverness or a recapitalization or similar transaction involving Inverness. Inverness' failure to purchase, or give notice of purchase of, the senior subordinated convertible notes would be a default under the indenture, which would in turn be a default under its secured credit facilities. In addition, the occurrence of a "change of control," as defined in the credit agreements governing Inverness' secured credit facilities, will constitute an event of default under the secured credit facilities. A default under Inverness' secured credit facilities would result in an event of default under its senior subordinated convertible notes and, if the lenders accelerate the debt under Inverness' secured credit facilities and/or under the indenture governing the senior subordinated convertible notes, this may result in the acceleration of Inverness' other indebtedness outstanding at the time. As a result, if Inverness does not have enough cash to repay all of its indebtedness or to repurchase all of the senior subordinated convertible notes, Inverness may be limited in the fundamental change or change of control transactions that it may pursue.

Inverness' acquisitions may not be profitable, and the integration of these businesses may be costly and difficult and may cause disruption to its business.

Since commencing activities in November 2001, Inverness has acquired and attempted to integrate, or is in the process of integrating, into its operations Unipath Limited and its associated companies and assets, or the Unipath business, IVC Industries, Inc. (now doing business as Inverness Medical Nutritionals Group, or IMN); the Wampole Division of MedPointe Inc., or Wampole; Ostex

International, Inc., or Ostex; Applied Biotech, Inc., or ABI; the rapid diagnostics business that Inverness acquired from Abbott Laboratories, or the Abbott rapid diagnostics business; Ischemia, Inc., or Ischemia; Binax, Inc., or Binax; the Determine/DainaScreen business that Inverness acquired from Abbott Laboratories in 2005, or the Determine business; Thermo BioStar Inc., or BioStar; the rapid diagnostics business that Inverness acquired from ACON Laboratories, Inc., or the Innovacon business; Instant Technologies, Inc., or Instant; and Biosite Incorporated, or Biosite. Inverness has also made a number of smaller acquisitions. The ultimate success of all of these acquisitions depends, in part, on Inverness' ability to realize the anticipated synergies, cost savings and growth opportunities from integrating these businesses or assets into Inverness' existing businesses. However, the successful integration of independent businesses or assets is a complex, costly and time-consuming process. The difficulties of integrating companies and acquired assets include among others:

consolidating manufacturing and research and development operations, where appropriate;

integrating newly acquired businesses or product lines into a uniform financial reporting system;

coordinating sales, distribution and marketing functions;

establishing or expanding manufacturing, sales, distribution and marketing functions in order to accommodate newly acquired businesses or product lines;

preserving the important licensing, research and development, manufacturing and supply, distribution, marketing, customer and other relationships;

minimizing the diversion of management's attention from ongoing business concerns; and

coordinating geographically separate organizations.

Inverness may not accomplish the integration of its acquisitions smoothly or successfully. The diversion of the attention of Inverness management from current operations to integration efforts and any difficulties encountered in combining operations could prevent Inverness from realizing the full benefits anticipated to result from these acquisitions and adversely affect its other businesses. Additionally, the costs associated with the integration of Inverness' acquisitions can be substantial. To the extent that Inverness incurs integration costs that are not anticipated when it finances its acquisitions, these unexpected costs could adversely impact its liquidity or force it to borrow additional funds. Ultimately, the value of any business or asset that Inverness has acquired may not be greater than or equal to the purchase price of that business or asset.

If Inverness chooses to acquire or invest in new and complementary businesses, products or technologies rather than developing them internally, such acquisitions or investments could disrupt its business and, depending on how Inverness finances these acquisitions or investments, could result in the use of significant amounts of cash.

Inverness' success depends in part on its ability to continually enhance and broaden its product offerings in response to changing technologies, customer demands and competitive pressures. Accordingly, from time to time Inverness may seek to acquire or invest in businesses, products or technologies instead of developing them internally. Acquisitions and investments involve numerous risks, including:

the inability to complete the acquisition or investment;

disruption of Inverness' ongoing businesses and diversion of management attention;

difficulties in integrating the acquired entities, products or technologies;

difficulties in operating the acquired business profitably;

difficulties in transitioning key customer, distributor and supplier relationships;

risks associated with entering markets in which Inverness has no or limited prior experience; and
unanticipated costs.

In addition, any future acquisitions or investments may result in:

issuances of dilutive equity securities, which may be sold at a discount to market price;

use of significant amounts of cash;

the incurrence of debt;

the assumption of significant liabilities;

unfavorable financing terms;

large one-time expenses; and

the creation of intangible assets, including goodwill, the write-down of which may result in significant charges to earnings.

Inverness' joint venture transaction with P&G may not realize all of its intended benefits.

On May 17, 2007, Inverness completed its 50/50 joint venture transaction with P&G, creating Swiss Precision and transferring to Swiss Precision substantially all of the assets of Inverness' consumer diagnostics business, other than its manufacturing and core intellectual property assets, in exchange for \$325.0 million in cash. In connection with the establishment of the Swiss Precision joint venture, Inverness may experience:

difficulties in integrating the respective corporate cultures and business objectives of Inverness and P&G into the new joint venture;

difficulties or delays in transitioning clinical studies;

diversion of Inverness management's time and attention from other business concerns;

higher than anticipated costs of integration at the joint venture;

difficulties in retaining key employees who are necessary to manage the joint venture; or

difficulties in working with an entity based in Switzerland and thus remote or inconvenient to Inverness' Waltham, Massachusetts headquarters.

For any of these reasons or as a result of other factors, Inverness may not realize the anticipated benefits of the joint venture, and cash flow or profits derived from Inverness' ownership interest in Swiss Precision may be less than the cash flow or profits that could have been derived had

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Inverness retained the transferred assets and continued to operate the consumer diagnostics business itself. P&G retains an option to require Inverness to purchase P&G's interest in Swiss Precision at fair market value during the 60-day period beginning on the fourth anniversary of the closing. Moreover, certain subsidiaries of P&G have the right, at any time upon certain material breaches by Inverness or its subsidiaries of their obligations under the joint venture documents, to acquire all of Inverness' interest in the joint venture at fair market value less damages.

If goodwill and/or other intangible assets that Inverness has recorded in connection with its acquisitions of other businesses become impaired, Inverness could have to take significant charges against earnings.

In connection with the accounting for certain of its acquisitions, including the Unipath business, Wampole, Ostex, ABI, the Abbott rapid diagnostics product lines, Ischemia, Binax, the Determine business, BioStar, the Innovacon business, Instant and Biosite, Inverness has recorded, or will record, a

significant amount of goodwill and other intangible assets. Under current accounting guidelines, Inverness must assess, at least annually and potentially more frequently, whether the value of goodwill and other intangible assets has been impaired. Any reduction or impairment of the value of goodwill or other intangible assets will result in a charge against earnings which could materially adversely affect Inverness' reported results of operations in future periods.

Inverness may experience manufacturing problems or delays, which could result in decreased revenues or increased costs.

Many of Inverness' manufacturing processes are complex and require specialized and expensive equipment. Replacement parts for its specialized equipment can be expensive and, in some cases, can require lead times of up to a year to acquire. In addition, Inverness' private label consumer diagnostic products business, and its private label and bulk nutritional supplements business in particular, rely on operational efficiency to mass produce products at low margins per unit. Inverness also relies on numerous third parties to supply production materials and in some cases there may not be alternative sources immediately available.

In addition, during 2006 Inverness closed two manufacturing facilities, and Inverness is shifting the production of products from these facilities to China. Inverness has shifted the production of other products to its manufacturing facilities in China. Moving the production of products is difficult and involves significant risk. Problems establishing relationships with local materials suppliers; acquiring or adapting the new facility and its equipment to the production of new products; hiring, training and retaining personnel and establishing and maintaining compliance with governmental regulations and industry standards can cause delays and inefficiencies which could have a material negative impact on Inverness' financial performance. Inverness also currently relies on a number of significant third-party manufacturers to produce certain of its professional diagnostic products. In addition, Inverness manufactures the products acquired with the Determine business from a facility in Matsudo, Japan that is made available to Inverness by Abbott Laboratories, from whom Inverness also receives support services related to this facility. Any event which negatively impacts Inverness' manufacturing facilities, its manufacturing systems or equipment, or its contract manufacturers or suppliers, including, among others, wars, terrorist activities, natural disasters and outbreaks of infectious disease, could delay or suspend shipments of products or the release of new products or could result in the delivery of inferior products. Inverness' revenues from the affected products would decline or Inverness could incur losses until such time as it is able to restore its production processes or put in place alternative contract manufacturers or suppliers. Even though Inverness carries business interruption insurance policies, Inverness may suffer losses as a result of business interruptions that exceed the coverage available under its insurance policies.

Inverness may experience difficulties that may delay or prevent its development, introduction or marketing of new or enhanced products.

Inverness intends to continue to invest in product and technology development. The development of new or enhanced products is a complex and uncertain process. Inverness may experience research and development, manufacturing, marketing and other difficulties that could delay or prevent its development, introduction or marketing of new products or enhancements. Inverness cannot be certain that:

any of the products under development will prove to be effective in clinical trials;

it will be able to obtain, in a timely manner or at all, regulatory approval to market any of its products that are in development or contemplated;

the products it develops can be manufactured at acceptable cost and with appropriate quality; or

that these products, if and when approved, can be successfully marketed.

The factors listed above, as well as manufacturing or distribution problems, or other factors beyond the control of Inverness, could delay new product launches. In addition, Inverness cannot assure you that the market will accept these products. Accordingly, there is no assurance that Inverness' overall revenues will increase if and when new products are launched.

If the results of clinical studies required to gain regulatory approval to sell Inverness' products are not available when expected or do not demonstrate the anticipated utility of those potential products, Inverness may not be able to sell future products and its sales could be adversely affected.

Before Inverness can sell its products, it must conduct clinical studies intended to demonstrate that its potential products perform as expected. The results of these clinical studies are used as the basis to obtain regulatory approval from government authorities such as the FDA. Clinical studies are experiments conducted using potential products and human patients having the diseases or medical conditions that the product is trying to evaluate or diagnose. Conducting clinical studies is a complex, time-consuming and expensive process. In some cases, Inverness may spend as much as several years completing certain studies.

If Inverness fails to adequately manage its clinical studies, its clinical studies and corresponding regulatory approvals may be delayed or it may fail to gain approval for its potential product candidates altogether. Even if Inverness successfully manages its clinical studies, it may not obtain favorable results and may not be able to obtain regulatory approval. If Inverness is unable to market and sell its new products or is unable to obtain approvals in the timeframe needed to execute its product strategies, its business and results of operations would be materially and adversely affected.

If Inverness is unable to obtain required clearances or approvals for the commercialization of its products in the United States, it may not be able to sell future products and its sales could be adversely affected.

Inverness' future performance depends on, among other matters, its estimates as to when and at what cost it will receive regulatory approval for new products. Regulatory approval can be a lengthy, expensive and uncertain process, making the timing, cost and ability to obtain approvals difficult to predict.

In the United States, clearance or approval to commercially distribute new medical devices is received from the FDA through clearance of a Premarket Notification, or 510(k), or through approval of a Premarket Approval, or PMA. To receive 510(k) clearance, a new product must be substantially equivalent to a medical device first marketed in interstate commerce prior to May 1976. The FDA may determine that a new product is not substantially equivalent to a device first marketed in interstate commerce prior to May 1976 or that additional information is needed before a substantial equivalence determination can be made. A "not substantially equivalent" determination, or a request for additional information, could prevent or delay the market introduction of new products that fall into this category. The 510(k) clearance and PMA review processes can be expensive, uncertain and lengthy. It generally takes from three to five months from submission to obtain 510(k) clearance, and from six to eighteen months from submission to obtain a PMA approval; however, it may take longer, and 510(k) clearance or PMA approval may never be obtained.

Modifications or enhancements that could significantly affect safety or effectiveness, or constitute a major change in the intended use of the device, require new 510(k) or PMA submissions. Inverness has made modifications to some of its products since receipt of initial 510(k) clearance or PMA approval. With respect to several of these modifications, Inverness filed new 510(k)s describing the modifications and received FDA 510(k) clearance. Inverness has made other modifications to some of its products that it believes do not require the submission of new 510(k)s or PMA. The FDA may not agree with

any of our determinations not to submit a new 510(k) or PMA for any of these modifications made to our products. If the FDA requires Inverness to submit a new 510(k) or PMA for any device modification, Inverness may be prohibited from marketing the modified products until the new submission is cleared by the FDA.

Inverness is also subject to applicable regulatory approval requirements of the foreign countries in which it sells products, which are costly and may prevent or delay Inverness from marketing its products in those countries.

In addition to regulatory requirements in the United States, Inverness is subject to the regulatory approval requirements for each foreign country to which it exports its products. In the European Union, regulatory compliance requires affixing the "CE" mark to product labeling. Although Inverness' products are currently eligible for CE marking through self-certification, this process can be lengthy and expensive. In Canada, as another example, Inverness' products require approval by Health Canada prior to commercialization along with International Standards Organization, or ISO, 13485/CMDCAS certification. It generally takes three to six months from submission to obtain a Canadian Device License. Any changes in foreign approval requirements and processes may cause Inverness to incur additional costs or lengthen review times of its products. Inverness may not be able to obtain foreign regulatory approvals on a timely basis, if at all, and any failure to do so may cause Inverness to incur additional costs or prevent it from marketing its products in foreign countries, which may have a material adverse effect on our business, financial condition and results of operations.

Failure to comply with ongoing regulation applicable to the products Inverness sells, may result in significant costs or, in certain circumstances, the suspension or withdrawal of previously obtained clearances or approvals.

Any products for which Inverness obtains regulatory approval or clearance continue to be extensively regulated by the FDA and other federal, state and foreign regulatory agencies. These regulations impact many aspects of Inverness' operations, including manufacturing, labeling, packaging, adverse event reporting, storage, advertising, promotion and record keeping. For example, Inverness' manufacturing facilities and those of its suppliers and distributors are, or can be, subject to periodic regulatory inspections. The FDA and foreign regulatory agencies may require post-marketing testing and surveillance to monitor the effects of approved products or place conditions on any product approvals that could restrict the commercial applications of those products. In addition, the subsequent discovery of previously unknown problems with a product may result in restrictions on the product, including withdrawal of the product from the market. Inverness is also subject to routine inspection by the FDA and certain state agencies for compliance with Quality System Requirement and Medical Device Reporting requirements in the United States and other applicable regulations worldwide, including but not limited to ISO regulations. In addition to product-specific regulations, Inverness is subject to numerous federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control and disposal of hazardous or potentially hazardous substances. Inverness may incur significant costs to comply with these laws and regulations. If Inverness fails to comply with applicable regulatory requirements, it may be subject to fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products or injunctions against their distribution, disgorgement of money, operating restrictions and criminal prosecution.

Regulatory agencies may also impose new or enhanced standards that would increase Inverness' costs as well as the risks associated with non-compliance. For example, Inverness anticipates that the FDA may soon finalize and implement "good manufacturing practice," or GMP, regulations for nutritional supplements. GMP regulations would require supplements to be prepared, packaged and held in compliance with certain rules, and might require quality control provisions similar to those in

the GMP regulations for drugs. While Inverness' manufacturing facilities for nutritional supplements have been subjected to, and passed, third-party inspections against anticipated GMP standards, the ongoing compliance required in the event that GMP regulations are adopted would involve additional costs and would present new risks associated with any failure to comply with the regulations in the future.

If Inverness delivers products with defects, its credibility may be harmed, market acceptance of its products may decrease and it may be exposed to liability in excess of its product liability insurance coverage.

The manufacturing and marketing of consumer and professional diagnostic products involve an inherent risk of product liability claims. In addition, Inverness' product development and production are extremely complex and could expose its products to defects. Any defects could harm its credibility and decrease market acceptance of its products. In addition, Inverness' marketing of vitamins and nutritional supplements may cause it to be subjected to various product liability claims, including, among others, claims that the vitamins and nutritional supplements have inadequate warnings concerning side effects and interactions with other substances. Potential product liability claims may exceed the amount of its insurance coverage or may be excluded from coverage under the terms of the policy. In the event that Inverness is held liable for a claim for which it is not indemnified, or for damages exceeding the limits of its insurance coverage, that claim could materially damage its business and financial condition.

The effect of market saturation may negatively affect the sales of Inverness' products, including our Biosite Triage BNP Tests.

Sales growth in Inverness' recently acquired Biosite business has been driven in recent years by growth in the sales volumes of the Biosite Triage BNP Tests. For example, growth in the sales unit volume of Triage BNP Tests represented 41% and 69% of Biosite's total product sales volume growth for 2006 and 2005, respectively. The meter-based Triage BNP Test, launched domestically in January 2001, was the first blood test available to aid in the detection of heart failure and benefited from a first to market position until the entry of direct competition in June 2003.

As the acute care and initial diagnosis market segment for natriuretic testing in the U.S. hospital setting becomes saturated, Inverness' expects the growth rates of sales unit volume for its Biosite Triage BNP Tests in 2007 and future periods to be lower than the growth rates experienced by Biosite over the past several years. Unless Inverness is able to successfully introduce new products into the market and achieve market acceptance of those products in a timely manner, the effect of market saturation on its existing products may negatively impact product sales, gross margins and financial results. In addition, as the market for BNP testing matures and more competitive products become available, the average sales price for the Biosite Triage BNP Tests is likely to decline, which will adversely impact Inverness' product sales, gross margins and our overall financial results.

Inverness' sales of branded nutritional supplements have been trending downward since 1998 due to the maturity of the market segments they serve and the age of that product line, and Inverness may experience further declines in sales of those products.

Inverness' aggregate sales of all of its brand name nutritional products, including, among others, Ferro-Sequels, Stresstabs, Protegra, Posture, SoyCare, ALLBEE, and Z-BEC, have declined each year since 1998 through the year 2006, except in 2002 when they increased slightly as compared to 2001. Inverness believes that these products have under-performed because they are, for the most part, aging brands with limited brand recognition that face increasing private label competition. The overall age of this product line means that Inverness is subject to future distribution loss for under-performing brands, while its opportunities for new distribution on the existing product lines are limited. As a result,

Inverness does not expect significant sales growth of its existing brand name nutritional products, and it may experience further declines in overall sales of its brand name nutritional products in the future.

Inverness' sales of specific vitamins and nutritional supplements could be negatively affected by media attention or other news developments that challenge the safety and effectiveness of those specific vitamins and nutritional supplements.

Most growth in the vitamin and nutritional supplement industry is attributed to new products that tend to generate greater attention in the marketplace than do older products. Positive media attention resulting from new scientific studies or announcements can spur rapid growth in individual segments of the market, and also affect individual brands. Conversely, news that challenges individual segments or products can have a negative impact on the industry overall as well as on sales of the challenged segments or products. Most of Inverness' vitamin and nutritional supplements products serve well-established market segments and, absent unforeseen new developments or trends, are not expected to benefit from rapid growth. A few of Inverness' vitamin and nutritional products are newer products that are more likely to be the subject of new scientific studies or announcements, which could be either positive or negative. News or other developments that challenge the safety or effectiveness of these products could negatively affect the profitability of Inverness' vitamin and nutritional supplements business.

Inverness could suffer monetary damages, incur substantial costs or be prevented from using technologies important to its products as a result of a number of pending legal proceedings.

Inverness is involved in various legal proceedings arising out of its consumer diagnostics, nutritional supplements and professional diagnostics business. Because of the nature of Inverness' business, Inverness may be subject at any particular time to commercial disputes, consumer product claims or various other lawsuits arising in the ordinary course of its business, including employment matters, and Inverness expects that this will continue to be the case in the future. Such lawsuits generally seek damages, sometimes in substantial amounts, for commercial or personal injuries allegedly suffered and can include claims for punitive or other special damages. An adverse ruling or rulings in one or more such lawsuits could, individually or in the aggregate, have a material adverse effect on Inverness' sales, operations or financial performance. In addition, Inverness aggressively defends its patent and other intellectual property rights. This often involves bringing infringement or other commercial claims against third parties. These suits can be expensive and result in counterclaims challenging the validity of Inverness' patents and other rights. Inverness cannot assure you that these lawsuits or any future lawsuits relating to its businesses will not have a material adverse effect on it.

Because sales of Inverness' private label nutritional supplements are generally made at low margins, the profitability of these products may suffer significantly as a result of relatively small increases in raw material or other manufacturing costs.

Sales of Inverness' private label nutritional supplements, which for the years ended December 31, 2006 and 2005 provided approximately 13% and 16%, respectively, of its net product sales, generate low profit margins. Inverness relies on its ability to efficiently mass produce nutritional supplements in order to make meaningful profits from these products. Changes in raw material or other manufacturing costs can drastically cut into or eliminate the profits generated from the sale of a particular product. For the most part, Inverness does not have long-term supply contracts for its required raw materials and, as a result, its costs can increase with little notice. The private label nutritional supplements business is also highly competitive such that Inverness' ability to raise prices as a result of increased costs is limited. Customers generally purchase private label products via purchase order, not through long-term contracts, and they often purchase these products from the lowest bidder on a product by product basis. The internet has enhanced price competition among private label manufacturers through

the advent of on-line auctions, where customers will auction off the right to manufacture a particular product to the lowest bidder. The resulting margin erosion in Inverness' nutritionals business has resulted in a reduction in its overall gross margin over the last several years and contributed to its losses in 2006.

Inverness' financial condition or results of operations may be adversely affected by international business risks.

Approximately 41% and 42% of Inverness' net revenue was generated from outside the United States for the years ended December 31, 2006 and 2005, respectively. A significant number of Inverness' employees, including manufacturing, sales, support and research and development personnel, are located in foreign countries, including England, Scotland, Japan, China and Israel. Conducting business outside the United States subjects Inverness to numerous risks, including:

increased costs or reduced revenue as a result of movements in foreign currency exchange rates;

decreased liquidity resulting from longer accounts receivable collection cycles typical of foreign countries;

lower productivity resulting from difficulties managing sales, support and research and development operations across many countries;

lost revenues resulting from difficulties associated with enforcing agreements and collecting receivables through foreign legal systems;

lost revenues resulting from the imposition by foreign governments of trade protection measures;

higher cost of sales resulting from import or export licensing requirements;

lost revenues or other adverse affects as a result of economic or political instability in or affecting foreign countries in which Inverness sells its products or operates; and

adverse effects resulting from changes in foreign regulatory or other laws affecting the sales of Inverness products or its foreign operations.

Because Inverness' business relies heavily on foreign operations and revenues, changes in foreign currency exchange rates and Inverness' need to convert currencies may negatively affect its financial condition and results of operations.

Inverness' business relies heavily on its foreign operations. Five of its manufacturing operations are conducted outside the United States, in Bedford, England; Hangzhou and Shanghai, China; Matsudo, Japan and Yavne, Israel. Inverness has consolidated much of its cardiovascular-related research and development in Scotland and it intends to establish a significant manufacturing operation there. Approximately 41% and 42% of Inverness' net revenue was generated from outside the United States for the years ended December 31, 2006 and 2005, respectively. In addition, the Abbott rapid diagnostics business generates a majority of its sales outside the United States, and all of the revenues of the Determine business are derived outside of the United States. Because of its foreign operations and foreign sales, Inverness faces exposure to movements in foreign currency exchange rates. Its primary exposures are related to the operations of its European subsidiaries and its manufacturing facilities in China and Japan. These exposures may change over time as business practices evolve and could result in increased costs or reduced revenue and could affect Inverness' actual cash flow.

Intense competition could reduce Inverness' market share or limit its ability to increase market share, which could impair the sales of its products and harm its financial performance.

The medical products industry is rapidly evolving, and developments are expected to continue at a rapid pace. Competition in this industry, which includes both Inverness' consumer diagnostics and professional diagnostics businesses, is intense and expected to increase as new products and technologies become available and new competitors enter the market. Inverness' competitors in the United States and abroad are numerous and include, among others, diagnostic testing and medical products companies, universities and other research institutions.

Inverness' future success depends upon maintaining a competitive position in the development of products and technologies in its areas of focus. Inverness' competitors may:

develop technologies and products that are more effective than Inverness products or that render Inverness technologies or products obsolete or noncompetitive;

obtain patent protection or other intellectual property rights that would prevent Inverness from developing potential products; or

obtain regulatory approval for the commercialization of their products more rapidly or effectively than Inverness does.

Also, the possibility of patent disputes with competitors holding foreign patent rights may limit or delay expansion possibilities for Inverness diagnostics businesses in certain foreign jurisdictions. In addition, many of Inverness' existing or potential competitors have or may have substantially greater research and development capabilities, clinical, manufacturing, regulatory and marketing experience and financial and managerial resources.

The market for the sale of vitamins and nutritional supplements is also highly competitive. This competition is based principally upon price, quality of products, customer service and marketing support. There are numerous companies in the vitamins and nutritional supplements industry selling products to retailers such as mass merchandisers, drug store chains, independent drug stores, supermarkets, groceries and health food stores. As most of these companies are privately held, Inverness is unable to obtain the information necessary to assess precisely the size and success of these competitors. However, Inverness believes that a number of its competitors, particularly manufacturers of nationally advertised brand name products, are substantially larger than Inverness and have greater financial resources.

The rights Inverness relies upon to protect the intellectual property underlying its products may not be adequate, which could enable third parties to use its technology and would reduce its ability to compete in the market.

Inverness' success will depend in part on its ability to develop or acquire commercially valuable patent rights and to protect its intellectual property. Inverness' patent position is generally uncertain and involves complex legal and factual questions. The degree of present and future protection for Inverness' proprietary rights is uncertain.

The risks and uncertainties that Inverness faces with respect to its patents and other proprietary rights include the following:

the pending patent applications it has filed or to which it has exclusive rights may not result in issued patents or may take longer than it expects to result in issued patents;

the claims of any patents which are issued may not provide meaningful protection;

it may not be able to develop additional proprietary technologies that are patentable;

the patents licensed or issued to it or its customers may not provide a competitive advantage;

other parties may challenge patents or patent applications licensed or issued to it or its customers;

patents issued to other companies may harm its ability to do business; and

other companies may design around technologies it has patented, licensed or developed.

In addition to patents, Inverness relies on a combination of trade secrets, nondisclosure agreements and other contractual provisions and technical measures to protect its intellectual property rights. Nevertheless, these measures may not be adequate to safeguard the technology underlying its products. If these measures do not protect Inverness' rights, third parties could use Inverness technology and Inverness' ability to compete in the market would be reduced. In addition, employees, consultants and others who participate in the development of Inverness products may breach their agreements with Inverness regarding its intellectual property, and it may not have adequate remedies for the breach. Inverness also may not be able to effectively protect its intellectual property rights in some foreign countries. For a variety of reasons, Inverness may decide not to file for patent, copyright or trademark protection or prosecute potential infringements of its patents. Inverness' trade secrets may also become known through other means not currently foreseen by it. Despite Inverness' efforts to protect its intellectual property, its competitors or customers may independently develop similar or alternative technologies or products that are equal or superior to Inverness technology and products without infringing on any of Inverness' intellectual property rights or design around its proprietary technologies.

Claims by others that Inverness products infringe on their proprietary rights could adversely affect Inverness' ability to sell its products and could increase its costs.

Substantial litigation over intellectual property rights exists in both the consumer and professional diagnostic industries. Inverness expects that its products in these industries could be increasingly subject to third-party infringement claims as the number of competitors grows and the functionality of products and technology in different industry segments overlaps. Third parties may currently have, or may eventually be issued, patents which Inverness products or technology may infringe. Any of these third parties might make a claim of infringement against Inverness. Any litigation could result in the expenditure of significant financial resources and the diversion of management's time and resources. In addition, litigation in which Inverness is accused of infringement may cause negative publicity, have an impact on prospective customers, cause product shipment delays or require Inverness to develop non-infringing technology, make substantial payments to third parties, or enter into royalty or license agreements, which may not be available on acceptable terms, or at all. If a successful claim of infringement were made against Inverness and Inverness could not develop non-infringing technology or license the infringed or similar technology on a timely and cost-effective basis, Inverness' revenue may decrease and it could be exposed to legal actions by its customers.

Inverness has initiated, and may need to further initiate, lawsuits to protect or enforce its patents and other intellectual property rights, which could be expensive and, if Inverness loses, could cause it to lose some of its intellectual property rights, which would reduce its ability to compete in the market.

Inverness relies on patents to protect a portion of its intellectual property and its competitive position. In order to protect or enforce its patent rights, Inverness may initiate patent litigation against third parties, such as infringement suits or interference proceedings. Litigation may be necessary to:

assert claims of infringement;

enforce Inverness patents;

protect Inverness trade secrets or know-how; or

determine the enforceability, scope and validity of the proprietary rights of others.

Currently, Inverness has initiated a number of lawsuits against competitors whom it believes to be selling products that infringe its proprietary rights. These current lawsuits and any other lawsuits that Inverness initiates could be expensive, take significant time and divert management's attention from other business concerns. Litigation also puts Inverness patents at risk of being invalidated or interpreted narrowly and Inverness patent applications at risk of not issuing. Additionally, Inverness may provoke third parties to assert claims against it.

Patent law relating to the scope of claims in the technology fields in which Inverness operates is still evolving and, consequently, patent positions in its industry are generally uncertain. Inverness may not prevail in any of these suits and the damages or other remedies awarded, if any, may not be commercially valuable. During the course of these suits, there may be public announcements of the results of hearings, motions and other interim proceedings or developments in the litigation. If securities analysts or investors perceive any of these results to be negative, Inverness' stock price could decline.

In December 2005, Inverness learned that the Securities and Exchange Commission, or the SEC, had issued a formal order of investigation in connection with the previously disclosed revenue recognition matter at one of its diagnostic divisions. Inverness cannot predict what the outcome of this investigation will be.

In December 2005, Inverness learned that the SEC had issued a formal order of investigation in connection with the previously disclosed revenue recognition matter at one of its diagnostic divisions, and Inverness subsequently received a subpoena for documents. Inverness believes that it has fully responded to the subpoena and has continued to fully cooperate with the SEC's investigation. Inverness cannot predict whether the SEC will seek additional information or what the outcome of its investigation will be.

In March 2006, the FTC opened a preliminary, non-public investigation into Inverness' acquisition of the Innovacon business to determine whether this acquisition may be anticompetitive. Inverness cannot predict what the outcome of this investigation will be.

In March 2006, the FTC opened a preliminary, non-public investigation into Inverness' then-pending acquisition of the Innovacon business it acquired from ACON Laboratories to determine whether this acquisition may be anticompetitive, and Inverness subsequently received a Civil Investigative Demand and a subpoena requesting documents. Inverness believes that it has fully responded to the Civil Investigative Demand, and it is continuing to produce documents in connection with the subpoena and to otherwise cooperate with the FTC's investigation. Inverness cannot predict whether the FTC will seek additional information or what the outcome of this investigation will be. The FTC generally has the power to commence administrative or federal court proceedings seeking injunctive relief or divestiture of assets. In the event that an order were to be issued requiring divestiture of significant assets or imposing other injunctive relief, Inverness' business, financial condition and results of operations could be materially adversely affected.

Non-competition obligations and other restrictions will limit Inverness' ability to take full advantage of its management team, the technology it owns or licenses and its research and development capabilities.

Members of the Inverness management team have had significant experience in the diabetes field. In addition, technology Inverness owns or licenses may have potential applications to this field and its research and development capabilities could be applied to this field. However, in conjunction with Inverness' split-off from Inverness Medical Technology, Inc., or IMT, Inverness agreed not to compete

with IMT and Johnson & Johnson in the field of diabetes through 2011. In addition, Inverness' license agreement with IMT prevents it from using any of the licensed technology in the field of diabetes. As a result of these restrictions, Inverness cannot pursue opportunities in the field of diabetes.

Inverness' operating results may fluctuate due to various factors and as a result period-to-period comparisons of its results of operations will not necessarily be meaningful.

Factors relating to Inverness' business make its future operating results uncertain and may cause them to fluctuate from period to period. Such factors include:

the timing of new product announcements and introductions by Inverness and its competitors;

market acceptance of new or enhanced versions of Inverness products;

changes in manufacturing costs or other expenses;

competitive pricing pressures;

the gain or loss of significant distribution outlets or customers;

increased research and development expenses;

the timing of any future acquisitions;

general economic conditions; or

general stock market conditions or other economic or external factors.

Because Inverness' operating results may fluctuate from quarter to quarter, it may be difficult for Inverness or its investors to predict future performance by viewing historical operating results.

Period-to-period comparisons of Inverness' operating results may not be meaningful due to its acquisitions.

Inverness has engaged in a number of acquisitions in recent years, which makes it difficult to analyze Inverness' results and to compare them from period to period. Significant acquisitions include Inverness' acquisitions of IVC Industries, Inc. in March 2002, Wampole in September 2002, Ostex in June 2003, ABI in August 2003, the Abbott rapid diagnostics product lines in September 2003, Binax and Ischemia in March 2005, the Determine business in June 2005, BioStar in September 2005, the Innovacon business in March 2006, Instant in March 2007 and Biosite in June 2007. Period-to-period comparisons of Inverness' results of operations may not be meaningful due to these acquisitions and are not indications of Inverness' future performance. Any future acquisitions, including the pending acquisition of Cholestech, will also make Inverness' results difficult to compare from period to period in the future.

Future sales of Inverness common stock issuable upon conversion of its senior subordinated convertible notes may adversely affect the market price of Inverness common stock.

Inverness' \$150,000,000 principal amount of senior subordinated convertible notes are initially convertible into Inverness common stock at a conversion price of approximately \$52.30 per share, or approximately 2,868,120 shares. Sales of a substantial number of shares of Inverness common stock in the public market could depress the market price of Inverness common stock and impair Inverness' ability to raise capital through the sale of additional equity securities. Inverness cannot predict the effect that future sales of its common stock or other equity-related securities would have on the market price of Inverness common stock. The price of Inverness common stock could be affected by possible sales

of Inverness common stock by holders of its senior subordinated convertible notes and by hedging or arbitrage trading activity that may develop involving Inverness common stock.

The conversion rate of Inverness' senior subordinated convertible notes may be adjusted based upon the daily volume weighted average price per share of Inverness common stock for the thirty consecutive trading days ending on May 9, 2008, and any such adjustment will be dilutive to the holders of Inverness common stock and could have an adverse effect on the price of Inverness common stock.

The conversion rate applicable to Inverness' senior subordinated convertible notes will be increased if the daily volume weighted average price per share of Inverness common stock for the thirty consecutive trading days ending on May 9, 2008 is less than \$40.23 (adjusted for any stock splits, stock dividends, recapitalizations or other similar events). In that event, the conversion rate will be adjusted to be the greater of 130% of such average or \$40.23 (in each case adjusted for any stock splits, stock dividends, recapitalizations or other similar events), but no such adjustment will decrease the then-applicable conversion rate. Any such adjustment will result in additional shares of Inverness common stock becoming issuable upon conversion of Inverness' senior subordinated convertible notes and therefore will be dilutive to holders of Inverness common stock.

Inverness' stock price may fluctuate significantly, and stockholders who buy or sell Inverness common stock may lose all or part of the value of their investment, depending on the price of Inverness common stock from time to time.

Inverness common stock has been listed on the American Stock Exchange since November 23, 2001, and it has a limited market capitalization. As a result, Inverness is currently followed by only a few market analysts and a portion of the investment community. Limited trading of Inverness common stock may therefore make it more difficult for you to sell your shares.

In addition, Inverness' share price may be volatile due to fluctuations in its operating results, as well as factors beyond Inverness' control. It is possible that in some future periods the results of Inverness' operations will be below the expectations of the public market. If this occurs, the market price of Inverness common stock could decline. Furthermore, the stock market may experience significant price and volume fluctuations, which may affect the market price of Inverness common stock for reasons unrelated to its operating performance. The market price of Inverness common stock may be highly volatile and may be affected by factors such as:

quarterly and annual operating results, including failure to meet the performance estimates of securities analysts;

changes in financial estimates of revenues and operating results or buy/sell recommendations by securities analysts;

the timing of announcements by Inverness or its competitors of significant products, contracts or acquisitions or publicity regarding actual or potential results or performance thereof;

changes in general conditions in the economy, the financial markets or the health care industry;

government regulation in the health care industry;

changes in other areas such as tax laws;

sales of substantial amounts of Inverness common stock or the perception that such sales could occur;

changes in investor perception of Inverness' industry, businesses or prospects;

the loss of key employees, officers or directors; or

other developments affecting Inverness or its competitors.

Anti-takeover provisions in Inverness' organizational documents and Delaware law may limit the ability of its stockholders to control its policies and effect a change of control of Inverness and may prevent attempts by Inverness' stockholders to replace or remove its current management, which may not be in your best interests.

There are provisions in Inverness' certificate of incorporation and bylaws that may discourage a third party from making a proposal to acquire it, even if some of Inverness' stockholders might consider the proposal to be in their best interests, and may prevent attempts by Inverness' stockholders to replace or remove its current management. These provisions include the following:

Inverness' certificate of incorporation provides for three classes of directors with the term of office of one class expiring each year, commonly referred to as a staggered board. By preventing stockholders from voting on the election of more than one class of directors at any annual meeting of stockholders, this provision may have the effect of keeping the current members of Inverness' board of directors in control for a longer period of time than stockholders may desire;

Inverness' certificate of incorporation authorizes its board of directors to issue shares of preferred stock without stockholder approval and to establish the preferences and rights of any preferred stock issued, which would allow the board to issue one or more classes or series of preferred stock that could discourage or delay a tender offer or change in control;

Inverness' certificate of incorporation prohibits its stockholders from filling board vacancies, calling special stockholder meetings or taking action by written consent;

Inverness' certificate of incorporation provides for the removal of a director only with cause and by the affirmative vote of the holders of 75% or more of the shares then entitled to vote at an election of directors; and

Inverness' bylaws require advance written notice of stockholder proposals and director nominations.

Additionally, Inverness is subject to Section 203 of the Delaware General Corporation Law, which, in general, imposes restrictions upon acquirers of 15% or more of Inverness stock. Finally, the board of directors may in the future adopt other protective measures, such as a stockholder rights plan, which could delay, deter or prevent a change of control.

Because Inverness does not intend to pay dividends on its common stock, you will benefit from an investment in Inverness common stock only if it appreciates in value.

Inverness currently intends to retain future earnings, if any, to finance the expansion of its business and does not expect to pay any dividends on Inverness common stock in the foreseeable future. In addition, Inverness' secured credit facilities currently prohibit the payment of cash dividends. As a result, the success of your investment in Inverness common stock will depend entirely upon any future appreciation. There is no guarantee that Inverness common stock will appreciate in value or even maintain the value at which you purchased your shares.

Risk Factors Relating to Cholestech

Cholestech has a history of fluctuating operating results, which may result in the market price of its common stock declining

Cholestech's revenue and operating results have varied significantly from quarter to quarter in the past and may continue to fluctuate in the future. The following are some of the factors that could

cause Cholestech's revenue, operating results and margins to fluctuate significantly from quarter to quarter:

the timing and level of market acceptance of the LDX System and the GDY System;

manufacturing problems, efficiencies, capacity constraints or delays;

the timing of the introduction, availability and market acceptance of new tests and products;

the timing of significant orders from, and shipments to, customers;

variations in the mix of products sold;

promotional program spending by both domestic and European pharmaceutical companies;

changes in demand for Cholestech's products based on changes in third-party reimbursement policies, changes in government regulation and other factors;

product pricing and discounts;

the timing and level of expenditures associated with research and development activities;

the timing, establishment and maintenance of strategic distribution arrangements and the success of the activities conducted under such arrangements;

competition from diagnostic companies with greater financial capital and resources;

costs and timing associated with business development activities, including potential licensing of technologies or intellectual property rights;

additions or departures of Cholestech's key personnel;

litigation or the threat of litigation; and

adoption of new accounting standards, such as SFAS 123R.

These and other factors are difficult to predict and could have a material adverse effect on Cholestech's business, financial condition and operating results. Fluctuations in quarterly demand for Cholestech's products may cause its manufacturing operations to fluctuate in volume, increase uncertainty in operational planning and/or affect cash flows from operations. Cholestech commits to many of its expenses in advance, based on its expectations of future business needs. These costs are largely fixed in the short-term. As a result, when business levels do not meet expectations, Cholestech's fixed costs will not be recovered and Cholestech will experience losses. This situation is likely to result in the future because of the variability and unpredictability of Cholestech's revenue. This also means that Cholestech's results will likely not meet the expectations of public market security analysts or investors at one time or another, which may result in the market price of Cholestech common stock declining.

Cholestech's business depends on its ability to protect its proprietary technology through patents and other means and to operate without infringing the proprietary rights of others

Cholestech's success depends in part on its ability to develop and maintain the proprietary aspects of its technology and operate without infringing the proprietary rights of others. Cholestech has thirteen United States patents, one German patent and has filed patent applications relating to its technology internationally under the Patent Cooperation Treaty and individual foreign patent applications. The risks of relying on the proprietary nature of Cholestech's technology include:

Cholestech's pending patent applications may not result in the issuance of any patents, or, if issued, such patents may not offer protection against competitors with similar technology;

Cholestech's patents may be challenged, invalidated or circumvented in the future, and the rights created under Cholestech's patents may not provide a competitive advantage;

competitors, many of whom have substantially greater resources than Cholestech and have made substantial investments in competing technologies, may seek to apply for and obtain patents covering technologies that are more effective than Cholestech's. This could render Cholestech's technologies or products obsolete or uncompetitive or could prevent, limit or interfere with its ability to make, use or sell Cholestech's products either in the United States or in international markets;

the medical products industry has been characterized by extensive litigation regarding patents and other intellectual property rights; and

an adverse determination in litigation or interference proceedings to which Cholestech may become a party could subject Cholestech to significant liabilities to third parties or require Cholestech to seek licenses from third parties, which may not be available on commercially reasonable terms or at all.

Cholestech may in the future become subject to patent infringement claims and litigation or interference proceedings conducted in the United States Patent and Trademark Office to determine the priority of inventions. Litigation may also be necessary to enforce any patents issued to Cholestech, to protect Cholestech's trade secrets or know-how or to determine the enforceability, scope and validity of the proprietary rights of others. The defense and prosecution of intellectual property suits, patent interference proceedings and related legal and administrative proceedings are both costly and time consuming and will likely result in substantially diverting the attention of technical and management personnel from Cholestech's business operations. Cholestech may also be subject to significant damages or equitable remedies regarding the development and sale of its products and operation of its business.

For example, in December 2003, Cholestech entered into a settlement agreement and license agreement with Roche, which settled all existing patent litigation between the parties on a worldwide basis. As a part of the settlement, Cholestech paid Roche an ongoing royalty and Roche granted an irrevocable, non-exclusive, worldwide license to Cholestech for its patents related to HDL cholesterol. In addition, the parties also agreed upon a mechanism for the resolution of future patent infringement disputes. Under the Roche license and settlement agreements, Cholestech is entitled to identify a design-around product that it believes does not require payment to Roche, and it has done so. Roche can request arbitration on this issue, and they have taken the first steps to initiate such proceedings. If no agreement is reached, an arbitration will be commenced to determine whether license payments must be made for the design-around. If, upon the resolution of any such dispute, it is ultimately determined that Cholestech's new HDL cholesterol test cassette is covered by Roche's patents, Cholestech will pay Roche the same ongoing royalty, as that agreed to under the Roche license and settlement agreements.

Cholestech relies on trade secrets, technical know-how and continuing invention to develop and maintain its competitive position. Others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to Cholestech's trade secrets or disclose such technology. Cholestech may also be unable to adequately protect its trade secrets, or be capable of protecting its rights to its trade secrets.

Cholestech depends on technology that it licenses from others, which may not be available to Cholestech in the future and would prevent it from introducing new products and harm its business

Cholestech's current products incorporate technologies that are the subject of patents issued to, and patent applications filed by, others. Cholestech has obtained licenses for certain of these technologies. Cholestech may in the future be required to negotiate to obtain licenses for new products.

Some of Cholestech's current licenses are subject to rights of termination and may be terminated. Cholestech's licensors may not abide by their contractual obligations and, as a result, may limit the benefits Cholestech currently derives from their licenses. Cholestech may be unable to renegotiate or obtain licenses for technology patented by others on commercially reasonable terms, or at all. Cholestech also may be unable to develop alternative approaches if it is unable to obtain licenses. Cholestech's future licenses may also not be adequate for the operation of its business. Failure to obtain, maintain or enforce necessary licenses on commercially reasonable terms or to identify and implement alternative approaches could prevent Cholestech from introducing its products and severely harm its business.

If third-party reimbursement for use of Cholestech's products is eliminated or reduced, its sales will be greatly reduced and its business may fail

In the United States, healthcare providers that purchase products such as the LDX System and the GDx System generally rely on their patients' healthcare insurers, including private health insurance plans, federal Medicare, state Medicaid and managed care organizations, to reimburse all or part of the cost of the procedure in which the product is being used. Cholestech will be unable to successfully market its products if their purchase and use is not subject to reimbursement from government health authorities, private health insurers and other third-party payors. If this reimbursement is not available or is limited, healthcare providers will be much less likely to use Cholestech's products, its sales will be greatly reduced and its business may fail.

There are current conditions in the healthcare industry that increase the possibility that third-party payors may reduce or eliminate reimbursement for tests using Cholestech's products in certain settings. These conditions include:

third-party payors are increasingly scrutinizing and challenging the prices charged for both existing and new medical products and services;

healthcare providers are moving toward a system in which employers are requiring participants to bear a greater burden of the cost of their healthcare benefits which could result in fewer elective procedures, such as the use of Cholestech's products for diagnostic screening;

general uncertainty regarding what changes will be made in the reimbursement methods used by third-party payors and how that will affect the use of products such as Cholestech's, which may deter healthcare providers from adopting the use of its products; and

an overall escalating cost of medical products and services has led to and will continue to lead to increased pressures on the healthcare industry, both domestic and international, to reduce the cost of products and services, including products offered by Cholestech.

Market acceptance of Cholestech's products in international markets is also dependent, in part, on the availability of reimbursement or funding, as the case may be, within prevailing healthcare systems. Reimbursement, funding and healthcare payment systems in international markets vary significantly by country and include both government sponsored healthcare and private insurance. Third-party reimbursement and coverage may not be available or adequate in either the United States or international markets, and current reimbursement or funding amounts may be decreased in the future. Also, future legislation, regulation or reimbursement policies of third-party payors may adversely affect demand for Cholestech's products or its ability to sell its products on a profitable basis. Any of these events could materially harm Cholestech's business.

If the healthcare system in the United States undergoes fundamental change, these changes may harm Cholestech's business

Cholestech believes that the healthcare industry in the United States is likely to undergo fundamental changes due to current political, economic and regulatory influences. Cholestech anticipates that Congress, state legislatures and the private sector will continue to review and assess alternative healthcare delivery and payment systems. Potential alternatives include mandated basic healthcare benefits, controls on healthcare spending through limitations on the growth of private health insurance premiums and Medicare and Medicaid spending, the creation of large insurance purchasing groups, price controls and other fundamental changes to the healthcare delivery system. Cholestech expects legislative debate to continue in the future and for market forces to demand reduced costs. Cholestech cannot predict what impact the adoption of any federal or state healthcare reform measures, future private sector reform or market forces may have on its business. Any changes in the healthcare system could potentially have extremely negative effects on Cholestech's business.

Cholestech depends on distributors to sell its products and failure to successfully maintain these relationships could adversely affect its ability to generate revenue

To increase revenue and achieve sustained profitability, Cholestech will have to successfully maintain its existing distribution relationships and develop new distribution relationships. Cholestech depends on its distributors to assist it in promoting market acceptance of the LDX System and the GDX System. However, Cholestech may be unable to enter into and maintain new arrangements on a timely basis, or at all. Even if Cholestech does enter into additional distributor relationships, those distributors may not devote the resources necessary to provide effective sales and marketing support to its products. In addition, Cholestech's distributors sell products offered by its competitors. If Cholestech's competitors offer its distributors more favorable terms or have more products available to meet their needs or utilize the leverage of broader product lines sold through the distributor, those distributors may de-emphasize or decline to carry its products. In addition, Cholestech's distributors' order decision-making process is complex and involves several factors, including end-user demand, warehouse allocation and marketing resources, which can make it difficult to accurately predict total sales for the quarter until late in the quarter. In order to keep Cholestech's products included in distributors' marketing programs, in the past Cholestech has provided promotional goods or made short-term pricing concessions. The discontinuation of promotional goods or pricing concessions could have a negative effect on Cholestech's business. Cholestech's distributors could also modify their business practices, such as payment terms, inventory levels or order patterns. If Cholestech is unable to maintain successful relationships with distributors or expand its distribution channels or it experiences unexpected changes in payment terms, inventory levels or other practices by its distributors, Cholestech's business will suffer.

Cholestech may be unable to accurately predict future sales through its distributors, which could harm its ability to efficiently manage its internal resources to match market demand

Cholestech's product sales are primarily made through its network of over 85 domestic and international distributors. As a result, Cholestech's financial results, quarterly product sales, trends and comparisons are affected by fluctuations in the buying patterns of end-user customers and its distributors, and by the changes in inventory levels of its products held by these distributors. Cholestech has only limited visibility over the inventory levels of its products held by its domestic and international distributors. While Cholestech attempts to assist its distributors in maintaining targeted stocking level of its products, it may not consistently be accurate or successful. This process involves the exercise of judgment and use of assumptions as to future uncertainties including end-user customer demand, and the reaction of its distributors to its new quarterly pricing policy. Consequently, actual results could differ from Cholestech's estimates. Inventory levels of its products held by its distributors may exceed

or fall below the levels it considers desirable on a going-forward basis, which may harm Cholestech's financial results due to unexpected buying patterns of its distributors or its ability to efficiently manage or invest in internal resources, such as manufacturing and shipping capacity, to meet the actual demand for its products.

Cholestech may be unable to effectively compete against other providers of diagnostic products, which could cause its sales to decline

The market for diagnostic products in which Cholestech operates is intensely competitive. Cholestech's business is based on the sale of diagnostic products that physicians and other healthcare providers can administer in their own facilities without sending samples to laboratories. Thus, Cholestech's competition consists primarily of clinical reference laboratories and hospital-based laboratories that use automated testing systems, as well as manufacturers of other rapid diagnostic tests. To achieve and maintain market acceptance for the LDX System, Cholestech must demonstrate that the LDX System is a cost effective and time saving alternative to other rapid diagnostic tests, as well as to clinical and hospital laboratories. Even if Cholestech can demonstrate that its products are more cost effective and save time, physicians and other healthcare providers may resist changing their established source of such tests. The LDX System may be unable to compete with these other testing services and analyzers. In addition, companies with a significant presence in the market for clinical diagnostics, such as Abbott Laboratories, Bayer Diagnostics, Beckman Coulter, Inc. and Roche Diagnostics (a subsidiary of Roche Holdings, Ltd.) have developed or are developing analyzers designed for point of care testing. These competitors have substantially greater financial, technical, research and other resources and larger, more established marketing, sales, distribution and service organizations than Cholestech. These competitors also offer broader product lines than Cholestech, have greater name recognition than Cholestech and offer discounts as a competitive tactic. In addition, several smaller companies are currently making or developing products that compete or will compete with Cholestech. Cholestech may not have the financial resources, technical expertise or marketing, distribution or support capabilities to compete successfully in the future. Even if Cholestech does have such resources and capabilities, it may not employ them successfully.

Cholestech's LDX System, including the LDX Analyzer and single use test cassettes, currently accounts for substantially all of the revenue of its business. If this revenue does not grow, Cholestech's overall business will be severely harmed. For Cholestech to increase revenue, sustain profitability and maintain positive cash flows from operations, the LDX System must continue to and begin to gain market acceptance among healthcare providers, particularly physician office laboratories. Cholestech has made only limited sales of the LDX System to physician office laboratories to date relative to the size of the available market. Factors that could prevent broad market acceptance of the LDX System include:

low levels of awareness of the availability of Cholestech's technology in both the physician and other customer groups;

the availability and pricing of other testing alternatives;

a decrease in the amount of reimbursement for performing tests on the LDX System;

many managed care organizations have contracts with laboratories, which require participating or employed physicians to send patient specimens to contracted laboratories; and

physicians are under growing pressure by Medicare and other third-party payors to limit their testing to "medically necessary" tests.

If Cholestech's LDX System does not achieve broader market acceptance, its business will not grow. Even if Cholestech is successful in continuing to place its LDX Analyzer at physician office

laboratories and other near-patient testing sites, there can be no assurance that placement of these products will result in sustained demand for its single use test cassettes.

In addition, Cholestech must leverage its installed base of systems in order to increase the sales of its single use test cassettes and single use test cartridges. If Cholestech is unable to increase the usage of cassettes on its current installed base, Cholestech will have to identify new customers and induce them to purchase an analyzer, which requires more time and effort and has a significantly larger purchase price than the single use test cassettes.

As a result of these many hurdles to achieving broad market acceptance for the LDX System, demand may not be sufficient to sustain revenue and profits from operations. Because the LDX System currently contributes the vast majority of Cholestech's revenue, Cholestech could be required to cease operations if the LDX System does not achieve and maintain a significant level of market acceptance.

If Cholestech does not successfully develop, acquire or form alliances to introduce and market new tests and products, its future business will be harmed

Cholestech believes its business will not grow significantly if it does not develop, acquire or form alliances for new tests and products to use in conjunction with the LDX System and the GDX System. If Cholestech does not develop market and introduce new tests and products to the market, its business will not grow significantly and will be harmed. Developing new tests involves many significant problems and risks, including:

research and development is a very expensive process;

research and development takes a very long time to result in a marketable product;

significant costs (including diversion of resources) may be incurred in development before knowing if the development will result in a test that is commercially viable;

a new test will not be successful unless it is effectively marketed to its target market;

the manufacturing process for a new test must be reliable, cost efficient and high volume and must be developed and implemented in a timely manner to produce the test for sale;

new tests must meet a significant market need to be successful; and

new tests must obtain proper regulatory approvals to be marketed.

Cholestech could experience difficulties that delay or prevent the successful development, introduction and marketing of new tests and products. For example, regulatory clearance or approval of any new tests or products may not be granted on a timely basis, or at all. Cholestech has experienced difficulties obtaining regulatory approval for tests in the past. Because the evaluation of applications by the FDA for CLIA waived status is not based on precisely defined, objectively measurable criteria, Cholestech cannot predict the likelihood of obtaining CLIA waived status for future products. In addition, Cholestech's business strategy includes entering into agreements with clinical and commercial collaborators and other third parties for the development, clinical evaluation and marketing of existing products and products under development. These agreements may be subject to rights of termination and may be terminated without Cholestech's consent. The parties to these agreements also may not abide by their contractual obligations to Cholestech and may discontinue or sell their current lines of business. Research performed under a collaboration for which Cholestech receives or provides funding may not lead to the development of products in the timeframe expected, or at all. If these agreements are terminated earlier than expected, or if third parties do not perform their obligations to Cholestech properly and on a timely basis, Cholestech may not be able to successfully develop new products as planned, or at all.

Cholestech faces risks from failures in its manufacturing processes

Cholestech manufactures all of the single use test cassettes that are used with the LDX Analyzer. The manufacture of single use test cassettes is a highly complex and precise process that is sensitive to a wide variety of factors. Significant additional resources, implementation of additional manufacturing equipment or changes in Cholestech's manufacturing processes have been, and may continue to be, required for the scaling-up of each new product prior to commercialization or in order to meet increasing customer demand once commercialization begins, and this work may not be completed successfully or efficiently. In the past, Cholestech has experienced lower than expected manufacturing yields that have adversely affected gross margins and delayed product shipments. If Cholestech does not maintain acceptable manufacturing yields of test cassettes or experience product shipment delays, its business, financial condition and operating results could be materially adversely affected. Cholestech may reject or be unable to sell a substantial percentage of test cassettes because of:

raw materials variations or impurities;

human error;

manufacturing process variances and impurities; and

decreased manufacturing equipment performance.

Cholestech's LDX manufacturing equipment and cassette manufacturing lines would be costly and time consuming to repair or replace if their operation were interrupted. The interruption of Cholestech's manufacturing operations or the loss of associates dedicated to the manufacturing facility could severely harm its business. The risks involving Cholestech's manufacturing lines include:

as Cholestech's production levels increase, Cholestech could be required to use its machinery more hours per day and the down time resulting from equipment failure could increase;

the custom nature of much of Cholestech's manufacturing equipment increases the time required to remedy equipment failures and replace equipment;

Cholestech has a limited number of associates dedicated to the operation and maintenance of its manufacturing equipment, the loss of whom could impact its ability to effectively operate and service such equipment; and

Cholestech manufactures all of its cassettes at its Hayward, California manufacturing facility, so manufacturing operations are at risk to interruption from earthquake, fire, power outages or other events affecting this one location.

Cholestech's future results could be harmed by economic, political, regulatory and other risks associated with international sales

Historically, a significant portion of Cholestech's total revenue has been generated outside of the United States. International revenue as a percentage of Cholestech's total revenue was approximately 13% in fiscal year 2007 and 2006, and approximately 14% in fiscal year 2005. Cholestech anticipates that international revenue will continue to represent a significant portion of its total revenue in the future. Cholestech's revenue is generally denominated in United States dollars; however, a strengthening of the dollar could make its products less competitive in foreign markets and, as a result, its future revenue from international operations may be unpredictable. Cholestech makes foreign currency denominated purchases related to its GDX System in the United Kingdom. This exposes Cholestech to risks associated with currency exchange fluctuations.

In addition to foreign currency risks, Cholestech's international sales and operations may also be subject to the following risks:

Cholestech's dependency on pharmaceutical companies' promotional programs as a primary source of international revenue;

unexpected changes in regulatory requirements;

the impact of recessions in economies outside the United States;

changes in a specific country's or region's political or economic conditions, particularly in emerging nations;

less effective protection of intellectual property rights in some countries;

changes in tariffs and other trade protection measures;

difficulties in managing international operations; and

potential insolvency of international distributors and difficulty in collecting accounts receivable and longer collection periods.

If Cholestech is unable to minimize the foregoing risks, they may harm its current and future international sales and, consequently, its business.

Cholestech depends on single source suppliers for certain materials used in its manufacturing process and failure of its suppliers to provide materials to Cholestech could harm its business

Cholestech currently depends on single source vendors to provide certain subassemblies, components and raw materials used in the manufacture of its products. Cholestech also depends on a third-party manufacturer for the GDX System. Any supply interruption in a single sourced material or product could restrict its ability to manufacture and distribute products until a new source of supply is identified and qualified. Cholestech may not be successful in qualifying additional sources of supply on a timely basis, or at all. Failure to obtain a usable alternative source or product could prevent Cholestech from manufacturing and distributing its products, resulting in inability to fill orders, customer dissatisfaction and loss of business. This would likely severely harm Cholestech's business. In addition, an uncorrected impurity or supplier's variation in material, either unknown to Cholestech or incompatible with its manufacturing process, could interfere with its ability to manufacture and distribute products. Because Cholestech is a small customer of many of its suppliers and Cholestech purchases their subassemblies, components and materials with purchase orders instead of long-term commitments, its suppliers may not devote adequate resources to supplying Cholestech's needs. Any interruption or reduction in the future supply of any materials currently obtained from single or limited sources could severely harm Cholestech's business.

Cholestech relies on a limited number of customers for a substantial part of its revenue

Sales to a limited number of customers have accounted for a significant portion of Cholestech's revenue in each fiscal period. Cholestech expects that sales to a limited number of customers will continue to account for a substantial portion of its total revenue in future periods. Cholestech's top ten customers comprised approximately 65% of its revenue in fiscal year 2007. In fiscal year 2007, Physicians Sales and Service accounted for approximately 21% of Cholestech's total revenue, Henry Schein Inc. accounted for approximately 10% and McKesson Medical Surgical accounted for approximately 8% of Cholestech's total revenue. In fiscal year 2006, Physicians Sales and Service accounted for approximately 22% of Cholestech's total revenue, Henry Schein Inc. accounted for approximately 11% and McKesson Medical Surgical accounted for approximately 7% of Cholestech's total revenue. In fiscal year 2005, Physicians Sales and Service accounted for approximately 24% of Cholestech's total revenue, Henry Schein Inc. accounted for approximately 9% and McKesson Medical Surgical accounted for approximately 7% of Cholestech's total revenue. Cholestech has experienced

periods in which sales to some of its major customers, as a percentage of total revenue, have fluctuated due to delays or failures to place expected orders. Cholestech does not have long-term agreements with any of its customers, who generally purchase its products pursuant to cancelable short-term purchase orders. If Cholestech were to lose a major customer or if orders by or shipments to a major customer were to otherwise decrease or be delayed, its operating results would be harmed.

While Cholestech believes that it currently has adequate internal control over financial reporting, Cholestech is exposed to risks from recent legislation requiring companies to evaluate internal control over financial reporting

Section 404 of the Sarbanes-Oxley Act of 2002 requires Cholestech's management to report on and its independent registered public accounting firm to attest to the effectiveness of its internal control over financial reporting. Cholestech has an ongoing program to perform the system and process evaluation and testing necessary to comply with these requirements.

Cholestech expects to continue to incur significant expenses and to devote significant resources to Section 404 compliance on an ongoing basis. In addition, it is difficult for Cholestech to predict how long it will take to complete the assessment of the effectiveness of its internal control over financial reporting each year and Cholestech may not be able to complete the process on a timely basis. In the event that internal controls over financial reporting are not effective as defined under Section 404, Cholestech cannot predict how regulators will react or how the market prices of its shares will be affected. In addition, if Cholestech fails to maintain an effective system of internal control or if Cholestech were to discover material weaknesses in its internal control systems, it may be unable to produce reliable financial reports or prevent fraud and it could harm its results of operations and financial condition.

Cholestech's products are subject to multiple levels of government regulation and any regulatory changes are difficult to predict and may be damaging to its business

The manufacture and sale of its diagnostic products, including the LDX System and the GDX System, is subject to extensive regulation by numerous governmental authorities, principally the FDA and corresponding state and foreign regulatory agencies. Cholestech is unable to commence marketing or commercial sales in the United States of any of the new tests it develops until Cholestech receives the required clearances and approvals. The process of obtaining required regulatory clearances and approvals is lengthy, expensive and uncertain. As a result, Cholestech's new tests under development, even if successfully developed, may never obtain such clearance or approval. Additionally, certain material changes to products that have already been cleared or approved are subject to further review and clearance or approval. Medical devices are subject to continual review, and later discovery of previously unknown problems with a cleared product may result in restrictions on the product's marketing or withdrawal of the product from the market. If Cholestech loses previously obtained clearances, or fail to comply with existing or future regulatory requirements, it may be unable to market the affected products, which would depress its revenue and severely harm its business.

In addition, any future amendment or addition to regulations impacting Cholestech's products could prevent it from marketing the LDX System and the GDX System. Regulatory changes could hurt Cholestech's business by increasing burdens on its products or by reducing or eliminating certain competitive advantages of the LDX System's and the GDX System's waived status. Food and Drug Administration clearance or approval of products such as Cholestech's can be obtained by either of two processes:

the 510(k) pre-market notification process, which generally takes from two to four months but may take longer; and

the pre-market approval process (PMA), which is a longer and more costly process than a 510(k) clearance process, involves the submission of extensive supporting data and clinical information and generally takes six months to a year but may take significantly longer.

If Cholestech's future products are required to obtain a pre-market approval, this would significantly delay its ability to market those tests and significantly increase the costs of development.

The use of Cholestech's products and those of its competitors is also affected by federal and state regulations, which provide for regulation of laboratory testing, as well as by the laws and regulations of foreign countries. The scope of these regulations includes quality control, proficiency testing, personnel standards and inspections. In the United States, clinical laboratory testing is regulated under the Clinical Laboratory Improvement Act of 1976.

The LDX Analyzer, Cholestech's total cholesterol, high density lipoproteins, triglycerides and glucose tests in any combination, its ALT test cassette, the GDx Analyzer and A1C test cartridges have been classified as waived from the application of many of the requirements under the CLIA. Cholestech believes this waived classification is critical for its products to be successful in their domestic markets. Any failure of Cholestech's new tests to obtain waived status under the CLIA will severely limit its ability to commercialize such tests. Loss of waived status for existing diagnostic products or failure to obtain waived status for new products could limit Cholestech's revenue from sales of such products, which would severely harm its business.

Cholestech may face fines or its manufacturing facilities could be closed if Cholestech fails to comply with manufacturing and environmental regulations

Cholestech's manufacturing processes and, in certain instances, those of its contract manufacturers, are subject to stringent federal, state and local regulations governing the use, generation, manufacture, storage, handling and disposal of certain materials and wastes. Failure to comply with present or future regulations could result in many things, including warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, refusal of the government to grant pre-market clearance or pre-market approval for devices, withdrawal of approvals and criminal prosecution. Any of these developments could harm Cholestech's business. Cholestech and its contract manufacturers are also subject to federal, state and foreign regulations regarding the manufacture of healthcare products and diagnostic devices, including:

ISO 13485:2003 requirements, which is an industry standard for maintaining and assuring conformance to quality management systems;

Canadian Medical Devices Conformity Assessment System (CMDCAS), which implements Canadian regulations requiring medical devices be designed and manufactured under a registered quality management system; and

other foreign regulations and state and local health, safety and environmental regulations, which include testing, control and documentation requirements.

Changes in existing regulations or adoption of new governmental regulations or policies could prevent or delay regulatory approval of Cholestech's products or require it to incur significant costs to comply with manufacturing and environmental regulations, which could harm its business.

Cholestech's business could be negatively affected by the loss of key personnel or its inability to hire qualified personnel

Cholestech's success depends in significant part on the continued service of certain key scientific, technical, regulatory and managerial personnel. Cholestech's success will also require it to continue to identify, attract, hire and retain additional highly qualified personnel in those areas. Competition for qualified personnel in Cholestech's industry is very competitive due to the limited number of people

available with the necessary technical skills and understanding of its industry. Cholestech may be unable to retain its key personnel or attract or retain other necessary highly qualified personnel in the future, which would harm the development of its business.

Product liability and professional liability suits against Cholestech could result in expensive and time consuming litigation, payment of substantial damages and an increase in its insurance rates

Sale and use of Cholestech's products and the past performance of testing services by its formerly wholly owned subsidiary could lead to the filing of a product liability or professional liability claim. If any of these claims are brought, Cholestech may have to expend significant resources defending against them. If Cholestech is found liable for any of these claims, it may have to pay damages that could severely hurt its financial position. Loss of these claims could also hurt its reputation, resulting in its losing business and market share. The medical testing industry has historically been litigious, and Cholestech faces financial exposure to these liability claims if use of its products results in personal injury or improper diagnosis. Cholestech also faces the possibility that defects in the design or manufacture of its products might necessitate a product recall.

Cholestech currently maintains product liability insurance and professional liability insurance for claims relating to the past performance of testing services, but there can be no assurance that the coverage limits of its insurance policies will be adequate. Insurance is expensive and difficult to obtain, and Cholestech may be unable to maintain product liability insurance in the future on acceptable terms or in sufficient amounts to protect it against losses due to product liability. Inability to maintain insurance at an acceptable cost or to otherwise protect against potential product liability could prevent or inhibit the continued commercialization of its products. In addition, a product liability or professional liability claim in excess of relevant insurance coverage or a product recall could severely harm its financial condition.

Cholestech's stock price has been highly volatile and is likely to continue to be volatile, which could result in substantial losses for investors

The market price of Cholestech common stock has in the past been, and in the future is likely to be, highly volatile. For example, between April 1, 2006 and March 30, 2007, the price of Cholestech common stock, as reported on the NASDAQ Stock Market LLC, has ranged from a low of \$10.67 to a high of \$19.35. These fluctuations could result in substantial losses for investors. Cholestech's stock price may fluctuate for a number of reasons including:

quarterly variations in its operating results;

litigation or threat of litigation;

developments in or disputes regarding patent or other proprietary rights;

announcements of technological or competitive developments by Cholestech and its competitors;

regulatory developments regarding Cholestech or its competitors;

changes in the current structure of the healthcare financing and payment systems;

Cholestech's failure to achieve, or changes in, financial estimates by securities analysts and comments or opinions about it by securities analysts or major stockholders;

stock market price and volume fluctuations, which have particularly affected the market prices for medical products and high technology companies and which are often unrelated to the operating performance of such companies; and

general economic, political and market conditions.

With the advent of the internet, new avenues have been created for the dissemination of information. Cholestech does not have control over the information that is distributed and discussed on

electronic bulletin boards and investment chat rooms. The motives of the people or organizations that distribute such information may not be in Cholestech's best interest or in the interest of its stockholders. This, in addition to other forms of investment information, including newsletters and research publications, could result in a significant decline in the market price of Cholestech common stock.

In addition, stock markets have from time to time experienced extreme price and volume fluctuations. The market prices for diagnostic product companies have been affected by these market fluctuations and such effects have often been unrelated to the operating performance of such companies. These broad market fluctuations may cause a decline in the market price of Cholestech common stock.

Securities class action litigation is often brought against a company after a period of volatility in the market price of its stock. This type of litigation has been brought against Cholestech in the past and could be brought against Cholestech in the future, which could result in substantial expense and damage awards and divert management's attention from running its business.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The Securities and Exchange Commission, or SEC, encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This proxy statement/prospectus contains such "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this proxy statement/prospectus, and they may also be made a part of this proxy statement/prospectus by reference to other documents filed with the SEC, which is known as "incorporation by reference."

Words such as "may," "anticipate," "estimate," "expects," "projects," "intends," "plans," "believes" and words and terms of similar substance used in connection with any discussion of future operating or financial performance identify forward-looking statements. All forward-looking statements represent present expectations of Inverness and Cholestech management regarding future events and are subject to a number of assumptions, risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks include, but are not limited to, the risks and uncertainties set forth in "Risk Factors," beginning on page 26 of this proxy statement/prospectus, as well as those set forth in the other SEC filings incorporated by reference herein.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this proxy statement/prospectus or in any document incorporated by reference might not occur. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement/prospectus or the date of the document incorporated by reference in this proxy statement/prospectus. Inverness and Cholestech do not undertake any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to Inverness or Cholestech, or to any person acting on their behalf, are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

THE CHOLESTECH SPECIAL MEETING

Date, Time and Place

The special meeting of Cholestech stockholders will be held on August , 2007 at 10:00 A.M., local time, at Cholestech's executive offices at 3347 Investment Boulevard, Hayward, California 94545.

Purpose; Other Matters

At the special meeting, Cholestech stockholders will be asked to consider and vote upon a proposal to approve the principal terms of the merger. Upon completion of the merger, each outstanding share of Cholestech common stock will be converted into the right to receive 0.43642 shares of Inverness common stock. In addition, Cholestech stockholders will be asked to consider and vote upon a proposal to grant Cholestech management the discretionary authority to adjourn the special meeting to a date not later than September , 2007 in order to enable the Cholestech board of directors to solicit additional proxies in favor of the principal terms of the merger.

Cholestech stockholders may also be asked to consider and vote upon such other business as may properly come before the special meeting, or any adjournment or postponement of the special meeting. Cholestech is not aware of any business to be acted upon at the special meeting other than the proposals set forth in this proxy statement/prospectus. If, however, other matters incident to the conduct of the special meeting are properly brought before the special meeting, or any adjournment or postponement of the special meeting, the persons named as proxies will vote in accordance with their best judgment with respect to those matters. If you vote "**AGAINST**" the merger proposal, the proxies are not authorized to vote for any adjournments, postponements, continuations or reschedulings of the meeting, including for the purpose of soliciting additional proxies, unless you so indicate by marking the appropriate box on the proxy card.

Cholestech's Board of Directors' Recommendation

Cholestech's board of directors has carefully reviewed and considered the terms and conditions of the merger agreement. Based on its review, Cholestech's board of directors has unanimously determined that the merger is advisable, fair to and in the best interests of Cholestech and its stockholders and recommends that you vote "**FOR**" the approval of the principal terms of the merger and "**FOR**" the proposal to grant discretionary authority to Cholestech management to vote your shares to adjourn the special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to approve the principal terms of the merger.

Record Date, Outstanding Shares and Voting Rights

Only holders of record of Cholestech's common stock at the close of business on July , 2007, the record date, are entitled to notice of and to vote at the special meeting. Such stockholders are entitled to cast one vote for each share of common stock held as of the record date on each matter properly submitted for the vote of stockholders at the special meeting. As of the record date, there were shares of Cholestech's common stock outstanding and entitled to vote at the special meeting.

Quorum and Vote Required

The presence of the holders of a majority of the shares of Cholestech common stock entitled to vote generally at the special meeting is necessary to constitute a quorum at the special meeting. Stockholders are counted as present at the special meeting if they are present in person or have voted by telephone, using the Internet or properly submitting a proxy card. Cholestech intends to include abstentions and broker non-votes as present or represented for purposes of establishing a quorum for the transaction of business. A broker "non-vote" occurs when a nominee holding shares for a beneficial

owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

The proposal to approve the principal terms of the merger requires the affirmative vote of the holders of a majority of the outstanding Cholestech common stock entitled to vote on the record date. Because the required vote of Cholestech stockholders to approve the principal terms of the merger is based upon the number of outstanding shares of Cholestech common stock entitled to vote, rather than upon the shares actually voted, the failure by the holder of any such shares to submit a proxy or vote in person at the special meeting, including abstentions and broker non-votes, will have the same effect as a vote against approval of the principal terms of the merger. The adjournment proposal requires the affirmative vote of the holders of a majority of the outstanding shares of Cholestech common stock present and voting, either in person or by proxy, (which shares voting affirmatively also must constitute at least a majority of the required quorum) at the special meeting. Abstentions and broker non-votes will have no effect on the outcome of the vote on the adjournment proposal, as long as the shares voting affirmatively in favor of the proposal constitute at least a majority of the required quorum. To the extent that the shares voting affirmatively in favor of the proposal do not constitute at least a majority of the required quorum, abstentions and broker non-votes will have the same effect as a vote against the proposal.

Voting by Cholestech Directors and Executive Officers

As of the record date, the directors and executive officers of Cholestech beneficially owned and were entitled to vote _____ shares of Cholestech common stock, which represents approximately _____ % of the Cholestech common stock outstanding on that date. Concurrently with the execution and delivery of the merger agreement, on June 4, 2007, Inverness entered into voting agreements with each director and certain executive officers of Cholestech. Approximately _____ shares, or _____ %, of the Cholestech common stock outstanding on the record date are subject to the voting agreements. For more information regarding the voting agreements, see "The Voting Agreements" on page 110 of this proxy statement/prospectus and the voting agreement attached as Annex B.

Voting by Proxies

Voting by telephone or using the Internet.

A stockholder may vote his or her shares by calling the toll free number indicated on the enclosed proxy card and following the recorded instructions or by accessing the website indicated on the enclosed proxy card and following the instructions provided. When a stockholder votes by telephone or through the Internet, his or her vote is recorded immediately. Cholestech encourages its stockholders to vote using these methods whenever possible.

Voting by proxy card.

All shares entitled to vote and represented by properly executed proxies received prior to the special meeting, and not revoked, will be voted at the special meeting in accordance with the instructions indicated on those proxies. If no instructions are indicated on a properly executed proxy, the shares represented by that proxy will be voted as recommended by Cholestech's board of directors. If any other matters are properly presented for consideration at the special meeting, the persons named in the enclosed proxy and acting thereunder will have discretion to vote on those matters in accordance with their best judgment. Cholestech does not currently anticipate that any other matters will be raised at the special meeting.

Voting by attending the special meeting.

A stockholder may also vote his or her shares in person at the special meeting. If a stockholder attends the special meeting, he or she may submit his or her vote in person, and any previous votes

that were submitted by the stockholder whether by telephone, Internet or by mail, will be superseded by the vote that such stockholder casts at the special meeting.

Voting shares held in "street name."

If you hold Cholestech common stock in "street name," which means that your shares are held of record by a broker, bank or other nominee, you must complete, sign, date and return the enclosed voting instruction form to the record holder of your shares with instructions on how to vote your shares. Please refer to the voting instruction form used by your broker, bank or other nominee to see if you may submit voting instructions using the Internet or telephone.

If your shares are held in "street name" and you wish to vote at the special meeting, you must bring a proxy from the record holder of the shares authorizing you to vote at the special meeting.

Revocability of Proxies

If a stockholder has voted by telephone, through the Internet or by returning a proxy card, such stockholder may change his or her vote before the special meeting. A stockholder who has voted by telephone or through the Internet may later change his or her vote by making a timely and valid telephone or Internet vote, as the case may be, or by following the instructions in the next paragraph.

A stockholder may revoke any proxy given pursuant to this solicitation at any time before it is voted by (1) delivering to Cholestech's Corporate Secretary, at or before the taking of the vote at the special meeting, a written notice of revocation or a duly executed proxy, in either case dated later than the previously submitted proxy relating to the same shares, or (2) attending the special meeting and voting in person (although attendance at the special meeting will not of itself revoke a proxy). Any written notice of revocation or subsequent proxy must be received by Cholestech's Corporate Secretary prior to the taking of the vote at the special meeting. Such written notice of revocation or subsequent proxy should be hand-delivered to Cholestech's Corporate Secretary or sent to Cholestech's Corporate Secretary at 3347 Investment Boulevard, Hayward, California 94545.

Solicitation of Proxies; Expenses

Cholestech is soliciting proxies for the special meeting from Cholestech stockholders. Cholestech generally will bear all expenses in connection with the solicitation of proxies, except that Cholestech and Inverness have agreed to share equally all expenses incurred in connection with the filing with the SEC of the registration statement of which this proxy statement/prospectus forms a part, and the printing and mailing of this proxy statement/prospectus and related proxy materials. Cholestech may reimburse brokerage firms and other persons representing beneficial owners of shares for their reasonable expenses in forwarding solicitation materials to such beneficial owners. Cholestech's costs for such services will not be significant. Proxies may also be solicited by certain of Cholestech's directors, officers, and regular employees, without additional compensation, personally or by telephone, telegram, letter, electronic mail or facsimile.

Stockholders should not send stock certificates with their proxies. A letter of transmittal with instructions for the surrender of Cholestech common stock certificates will be mailed to Cholestech stockholders shortly after completion of the merger.

Assistance

If you need assistance in completing your proxy card or have questions regarding the special meeting, please contact John Glenn at (510) 781-5065 or toll free at 1-800-733-0404.

PROPOSAL ONE THE MERGER

The following is a description of the material aspects of the merger, including the merger agreement. While Inverness and Cholestech believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to you. Inverness and Cholestech encourage you to read carefully this entire proxy statement/prospectus, including the merger agreement attached to this proxy statement/prospectus as Annex A, for a more complete understanding of the merger.

Background of the Merger

As early as late 2002, the board of directors of Cholestech considered and explored the possibility of collaborating or combining with other companies in its industry in order to further Cholestech's strategic growth objectives. Cholestech retained financial advisors in connection with these efforts. Representatives from the financial advisors contacted several third parties to solicit interest in a possible business combination with Cholestech. One of the parties contacted by the financial advisors was Inverness. On December 6, 2002, Inverness and Cholestech entered into a customary mutual nondisclosure agreement. Inverness and Cholestech explored the possibility of a potential business combination, engaged in preliminary discussions regarding the potential benefits of such a transaction and conducted due diligence regarding each other's business.

During these discussions, in March 2003, Inverness' board of directors discussed the acquisition and reviewed a presentation of potential target acquisitions prepared by Inverness' financial advisor, Covington Associates LLC, which included an analysis of a potential combination with Cholestech. Also in March 2003, Inverness sent a letter to Cholestech proposing to amend the mutual nondisclosure agreement, which Cholestech accepted. In October 2003, Inverness delivered to Cholestech a non-binding letter of intent for a potential business combination with a proposed purchase price of \$12.00 per share in Inverness stock. However, discussions were discontinued when the parties could not agree on price or the terms of a potential transaction.

During the period from October 2003 through April 2005, the Inverness board of directors continued its consideration of a potential acquisition of Cholestech and periodically received various business and financial analyses from Inverness management and Covington Associates regarding the potential acquisition.

Beginning in 2005, Cholestech began to research and contemplate strategic acquisitions or collaborations with other companies in its industry. On April 12, 2005, Inverness sent another non-binding acquisition proposal to Cholestech offering a purchase price of \$11.00 per share in a combination of Inverness stock and newly issued subordinated convertible notes. On April 19, 2005, Cholestech notified Inverness that the Cholestech board of directors had deemed Inverness' offer to be inadequate. In May 2005, Inverness contacted an individual who had previously acted as a financial advisor to Cholestech, and on May 13, 2005, Ron Zwanziger, Chairman, Chief Executive Officer and President of Inverness, contacted Warren Pinckert, President and Chief Executive Officer of Cholestech, seeking ways to move discussions forward. The parties again held preliminary discussions regarding a potential combination. At this point, Cholestech engaged Broadview International, a division of Jefferies & Company, Inc., to act as its financial advisor in connection with a potential business combination. On May 19, 2005, Inverness delivered an initial draft of a merger agreement to Cholestech, and the parties made plans to conduct diligence during late May and early June 2005. The draft merger agreement included a proposed purchase price of \$13.00 per share in Inverness stock. However, discussions were discontinued when the parties could not agree on the terms of a transaction. In November 2005, the parties entered into discussions once again, and Inverness delivered a non-binding letter to Cholestech indicating Inverness' interest in exploring a business combination. The letter contained a proposed purchase price of \$11.50 per share payable in cash, subject to due

diligence. Once more, discussions were discontinued when the parties could not agree on the terms of a potential transaction.

In March 2006, Mr. Zwanziger and Mr. Pinckert again met to determine whether the two companies remained interested in pursuing a possible transaction. On March 26, 2006, after the parties entered into a new mutual confidentiality and non-disclosure agreement, Inverness submitted to Cholestech a non-binding indication of interest with an offer of \$13.00 for each share of Cholestech common stock, payable in Inverness common stock or a mixture of Inverness common stock and cash. Again the discussions were terminated because the parties were unable to agree on a valuation for Cholestech.

In mid-2006, Cholestech's management began informally discussing Cholestech's strategic business alternatives with Savvian Advisors, LLC, or Savvian. At various times during the period from mid-2006 through early 2007, Savvian contacted a limited number of third parties to determine interest in pursuing a business combination or other strategic transaction with Cholestech. During this timeframe, Cholestech held preliminary discussions with three parties regarding possible transactions: Company A, Company B and Inverness. These discussions were initially exploratory in nature. The three companies expressed varying levels of interest in a possible transaction. At the same time, Cholestech continued to explore the possibility of acquiring complementary companies, businesses or technologies in order to accelerate future revenue growth.

On October 4, 2006, Inverness' board of directors reviewed a presentation prepared by Covington Associates LLC, and Mr. Zwanziger reviewed with the board the status of discussions with Cholestech and discussed strategies to acquire Cholestech.

On October 6, 2006, Cholestech formally engaged Savvian as its financial advisor in connection with a potential business combination or other strategic transaction. On October 13 and 14, 2006, at a regularly scheduled board meeting attended by members of senior management and representatives of Wilson Sonsini Goodrich & Rosati, Professional Corporation, or WSGR, the board of directors and management of Cholestech evaluated business alternatives and strategic opportunities as part of their ongoing routine evaluation of changes in the marketplace and opportunities to strengthen Cholestech's business. During this meeting, the board reviewed Cholestech's 3¹/₂ year strategic business plan, encompassing the balance of fiscal 2007 and fiscal 2008 through fiscal 2010. Representatives of WSGR discussed the board's fiduciary duties in connection with the board's consideration of strategic alternatives. Then, the board considered and analyzed the various alternatives available to Cholestech, including the advantages and disadvantages of continuing to operate as an independent company.

On October 16, 2006, Inverness again contacted Cholestech and submitted another non-binding offer for an all-stock transaction at a value of \$13.50 for each share of Cholestech common stock. Cholestech advised Inverness at this time that it could not respond to Inverness' latest offer until after Cholestech's quarterly earning release scheduled for October 26, 2006, and the companies planned to speak again on October 27. On that date, Cholestech indicated to Inverness that a higher valuation for Cholestech was warranted and further discussions were terminated. On October 31, 2006, Company A submitted a non-binding offer of \$17.00 for each share of Cholestech common stock, payable in Company A common stock or a mixture of common stock and cash. In November 2006, Cholestech advised Company A that the proposed exchange ratio for a business combination between the two companies was inadequate. In December 2006, Cholestech and Company B entered into a non-disclosure agreement, and Company B conducted due diligence. In February 2007, Cholestech and Company A entered into a non-disclosure agreement, and Company A conducted due diligence.

On March 13, 2007, Company A delivered to Cholestech a non-binding offer of \$19.00 for each outstanding share of Cholestech, payable with a mixture of 40% Company A common stock and 60% cash. On March 14, 2007, Cholestech contacted Company B and Inverness and advised them that Cholestech had received an offer that the board would be considering at its meeting scheduled for

March 21, 2007, in the event either company intended to submit a proposal. On March 19, 2007, Inverness contacted Cholestech indicating a willingness to offer \$20.00 for each share of Cholestech common stock, payable with a mixture of 50% Inverness common stock and 50% cash. On March 20, 2007, Cholestech received a written offer from Inverness confirming the oral offer. Company B did not submit a proposal.

A regular meeting of the Cholestech board of directors was held on March 21, 2007, which was also attended by representatives of Savvian, WSGR, and certain members of Cholestech's senior management. Representatives of WSGR discussed the board's fiduciary duties in connection with the board's consideration of a business combination. Mr. Pinckert informed the board of Cholestech's receipt of two non-binding indications of interest for a business combination from Company A and Inverness, as well as discussions with Company B that did not result in an offer. At the meeting, the representatives of Savvian reviewed various financial analyses of the proposals and discussed the potential benefits and various risks of each proposal. Management reviewed and provided input on the proposals and WSGR reviewed the legal considerations relating to the indications of interest. During the meeting, the management team also presented a detailed review of Cholestech's fiscal 2008 budget and gave an overview of Cholestech's buy-side business development activities. The directors then discussed and considered all of the information provided. At the conclusion of the meeting, the board agreed that management should continue the discussions with the third parties and gave additional guidance to management.

On March 22 and March 23, 2007, Mr. Pinckert contacted Mr. Zwanziger to discuss the proposed business combination, and representatives of Savvian contacted Company A requesting more clarity and details regarding Company A's offer.

On March 26, 2007, Inverness submitted to Cholestech a non-binding written offer to acquire all of the stock of Cholestech at a price of \$20 per share, payable half in cash and half in Inverness stock, including a 30-day exclusivity period. Also on that date, the Cholestech board of directors held a telephonic meeting to receive an update on the progress of discussions with Company A and Inverness, including Inverness' latest proposal. In attendance were representatives of Savvian and WSGR. Representatives of WSGR again reviewed the board's fiduciary duties in connection with the board's consideration of the competing proposals and the other possible strategic alternatives for Cholestech. Next, a representative of Savvian reviewed with the board the financial aspects and certain financial analyses of each proposed business combination. The board discussed each proposal, including the higher price conveyed in the Inverness proposal, the term of the exclusivity agreement requested by each potential acquiror, each potential acquiror's ability to finance the transaction, the strength of each acquiror's business and the certainty and risk of each proposal, among other factors. After discussion, the board authorized Cholestech to countersign the letter of intent to enter into a 30-day limited period of exclusive negotiations with Inverness and to conduct due diligence and negotiate definitive agreements. On March 27, 2007, Cholestech countersigned the letter of intent provided by Inverness the previous day and on March 28, 2007, Cholestech proposed that it and Inverness execute a new mutual confidentiality agreement to replace the existing mutual confidentiality agreement. The parties entered into the new mutual confidentiality agreement on March 30, 2007.

On April 2, 2007, senior members of management of Cholestech, representatives of Savvian and representatives of WSGR met with Inverness' management and its financial advisors at Savvian's San Francisco offices, Inverness conducted due diligence on Cholestech, and Inverness delivered an initial draft of a merger agreement to Cholestech. At or about this time, an electronic due diligence datasite was established in order to facilitate continuing due diligence efforts.

On April 3, 2007, at a special meeting of the Inverness board, Mr. Zwanziger indicated that he had been contacted by Cholestech, which had stated that it had received a non-binding written offer from a third party. He discussed with the board the March 27 letter of intent and the merits of the

potential acquisition. At a regular meeting of the Inverness board held on April 5, 2007, Mr. Zwanziger further advised the board regarding the status of the ongoing negotiations with Cholestech.

On or about April 5, 2007, Inverness publicly announced a proposal to acquire Biosite and Mr. Zwanziger and Mr. Pinckert discussed via telephone the potential impact on the timing and pricing of the potential acquisition of Cholestech by Inverness.

On April 5, 2007, the Cholestech board of directors convened a telephonic meeting. In attendance were representatives of Savvian and WSGR. Mr. Pinckert apprised the board of Inverness' offer to acquire all of the outstanding shares of Biosite. The board strategized about Cholestech's approach and response to this development. It determined to continue discussions and due diligence but to await further negotiations of price before responding to the draft definitive agreement it had received on April 2, 2007.

On April 10 and April 11, 2007, members of Cholestech's and Inverness' management teams, as well as representatives from their respective financial and legal advisors, assembled for meetings at Inverness' corporate offices in Waltham, Massachusetts to conduct a management due diligence review and discuss related issues in connection with the potential business combination between the companies.

On April 16, 2007, representatives of Savvian met with Mr. Pinckert to review various analyses related to the proposed combination of Inverness with both Biosite and Cholestech.

On April 19, 2007, the Cholestech board of directors held a telephonic meeting. Representatives of WSGR and representatives of Savvian also participated in this meeting. Mr. Pinckert reported to the board the results of Cholestech's ongoing due diligence of Inverness. The representatives of Savvian discussed the financial aspects of the proposed transaction. They discussed, in particular, the implications of the potential Inverness/Biosite transaction, the strategic value of that transaction and the potential synergies to be derived from the transaction as outlined by Inverness management. Representatives of WSGR advised the board of directors regarding legal considerations related to the transaction, as well as the board's fiduciary duties in connection with its consideration of the proposed transaction. Representatives of Savvian then reviewed with the board preliminary financial analyses of a potential business combination with Inverness, taking into consideration certain pending transactions and acquisitions by Inverness, including Inverness' proposed joint venture with P&G and the proposed acquisition of Biosite. Cholestech's board then authorized management and Cholestech's financial advisors to continue their negotiations with Inverness regarding the terms and conditions of the proposed transaction and in particular to negotiate an acceptable valuation for Cholestech.

On April 23, 2007, Cholestech's board of directors held a telephonic meeting to receive an update on the status of discussions between the parties. Also, in attendance were representatives of Savvian and WSGR and members of Cholestech's senior management team. Mr. Pinckert updated the board on the status of the proposed transaction.

On April 24, 2007, senior members of management of Cholestech, representatives of Savvian and representatives of WSGR had a conference call with Inverness' management and its auditors to conduct financial and accounting due diligence.

On or about April 26, 2007, Mr. Zwanziger informed Mr. Pinckert in a phone call that Inverness had decided to defer negotiations with Cholestech regarding the proposed transaction until the status of bidding for Biosite was more certain.

On April 27, 2007, the Cholestech board of directors held a telephonic board meeting to receive a further update on the status of negotiations. The meeting was also attended by representatives of Savvian and WSGR and members of Cholestech's senior management team. At this meeting, Mr. Pinckert apprised the board of the phone conversation he had with Mr. Zwanziger on or about

April 26, 2007. Representatives of Savvian then reviewed with the board certain financial analyses, including an update on the status of Inverness' proposed acquisition of Biosite, and the implications for Cholestech's discussions and negotiations with Inverness. Representatives of WSGR also discussed the legal implications of the Biosite transaction for the proposed transaction. The board authorized management to allow the March 27 letter of intent and the 30-day exclusivity period to expire and to suspend negotiations with Inverness.

In late April and May 2007, Mr. Pinckert and Mr. Zwanziger had several telephone conversations regarding the possibility of continuing negotiations in late May. On May 22, 2007, at its annual meeting, the Inverness board considered whether to continue to pursue a business combination with Cholestech in light of its pending tender offer to acquire the stock of Biosite. After considering a financial presentation and accretion analysis prepared by Covington Associates LLC, the Inverness board authorized management to acquire Cholestech within certain pricing parameters and on such other terms and conditions as Inverness' management deemed to be necessary or advisable.

On or about May 28, 2007, Mr. Zwanziger phoned Mr. Pinckert to resume negotiations regarding the proposed business combination. They discussed certain terms of the proposed business combination, including the type of consideration proposed to be paid to the stockholders of Cholestech and the exchange ratio. Mr. Zwanziger increased Inverness' offer to a 20% premium over the five-day trailing average price per share of Cholestech common stock as of the date of execution of a definitive merger agreement, with a minimum price of \$20.50 per share. On May 29, 2007, Inverness delivered a revised draft of a proposed merger agreement, which reflected the change to a stock-for-stock merger.

On May 30, 2007, Cholestech's board of directors had another meeting, which was also attended by representatives of WSGR and Savvian. During the meeting, Mr. Pinckert apprised the other Cholestech directors of his discussions with Mr. Zwanziger regarding Cholestech's valuation and the proposed exchange ratio for the transaction. He noted that the offer reflected an increase over the previous offer received the prior month. Next, representatives of Savvian presented to the board the material financial and market implications of the proposed transaction and a further preliminary valuation analysis for Cholestech. Then, the board reviewed the strategic value of the proposed combined company; the risks and merits related to the consummation of a business combination with Inverness; the risks and benefits associated with 100% stock consideration, including the absence of a "collar" mechanism to provide some protection for Cholestech's stockholders in the event of a decline in Inverness' stock price; critical factors to the success of the combination; potential reaction from customers and partners; and the various advantages and disadvantages to Cholestech and its stockholders related to the proposed transaction. After consideration of the foregoing, and further discussion of the strategic rationale of the merger, the costs of completing the transaction, and the operational and regulatory issues associated with the transaction, the board authorized management to continue to conduct due diligence and to negotiate the proposed definitive agreements.

Between May 30 and June 4, 2007, Inverness and Cholestech and their respective financial and legal advisors continued their due diligence efforts. In addition, the representatives of Cholestech and Inverness, and their respective legal counsel, engaged in a series of negotiations regarding the terms of the merger agreement and related documentation.

On June 1, 2007, Inverness informed Cholestech that it wished to adjust the exchange ratio to account for a certain unanticipated liability of Cholestech. Also on that date, the Cholestech board of directors met to consider management's recommendation of the proposed transaction. Management presented its recommendation that a transaction be agreed to on the terms presented to the board, along with further information on management's evaluation of Inverness' business. At this meeting, the representatives of WSGR outlined the terms and conditions of the merger agreement and the voting agreements to be signed by the directors and certain executive officers of Cholestech, as well as the board's fiduciary duties in connection with its consideration of the proposed transaction.

Representatives of Savvian then reviewed with the board certain financial analyses with respect to the proposed transaction and the implications of the proposed offer. The board noted the additional accretion to earnings that the combined company might achieve based on the consummation of Inverness' pending business combination with Biosite. After discussion and consideration, the board of directors of Cholestech provided management with guidance on proceeding with negotiations.

On June 2, 2007, the Cholestech board had a telephonic board meeting to discuss the progress of the ongoing discussions with Inverness. Mr. Pinckert updated the board on the status of the negotiations, and the representatives of Savvian also gave a presentation on the valuation analyses of the respective companies. Mr. Pinckert reviewed a pro forma transaction analysis, a trading analysis, a valuation analysis based upon standalone values, as well as a pro forma valuation of the combined companies including Biosite and a combination analysis. Later that day, Mr. Pinckert informed Mr. Zwanziger that Cholestech did not agree to any significant adjustment of the exchange ratio to account for its unanticipated liability.

On June 3, 2007, Inverness requested that Cholestech make a proposal regarding the treatment of its unanticipated liability. Also on that date, Cholestech's board of directors held a telephonic meeting, which was also attended by members of Cholestech's senior management and representatives of WSGR and Savvian. At this meeting, Mr. Pinckert apprised the board of negotiations with Inverness regarding the proposed transaction, including the proposed revision to the exchange ratio. Next, the WSGR representatives outlined the terms and conditions of the merger agreement and the voting agreements, as well as the board's fiduciary duties in connection with its consideration of the proposed transaction. Representatives of Savvian then reviewed with the board certain financial analyses, and Savvian rendered to the board its oral opinion, which opinion was subsequently confirmed by delivery of its written opinion dated June 3, 2007, that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the exchange ratio pursuant to the merger agreement was fair from a financial point of view to the holders of the outstanding shares of Cholestech common stock. After discussion and consideration of the foregoing, the board unanimously determined that the merger on the terms discussed at the meeting was fair to, and in the best interests of, Cholestech and its stockholders and declared the merger to be advisable and approved the merger agreement. Following the board meeting, Mr. Pinckert called Mr. Zwanziger to inform him of the results of the board meeting. During that conversation, Mr. Pinckert made a proposal to resolve all outstanding material issues, including an adjustment to the exchange ratio approved by the Cholestech board. Mr. Zwanziger agreed to Mr. Pinckert's proposal, and they each instructed their respective legal counsel to finalize a definitive merger agreement based upon the agreed-upon terms.

On June 4, 2007, Inverness and Cholestech executed the merger agreement. Also on June 4, 2007, all of the directors and certain executive officers of Cholestech entered into voting agreements with Inverness. For a discussion of the merger agreement and the voting agreements, see the sections of this proxy statement/prospectus entitled "The Merger Agreement" beginning on page 94 and "The Voting Agreements" beginning on page 110.

On June 4, 2007, Inverness and Cholestech issued a joint press release announcing the execution of the merger agreement.

Recommendation of Cholestech's Board of Directors and Cholestech's Reasons for the Merger

The Cholestech board of directors unanimously recommends that Cholestech stockholders vote "**FOR**" the proposal to approve the principal terms of the merger. Cholestech's board of directors unanimously agreed that the proposed merger is advisable, fair to, and in the best interests of Cholestech and its stockholders and that Cholestech should enter into the merger agreement. Cholestech's board of directors consulted with senior management, its legal counsel and its financial advisors in reaching its decision to approve the merger. Cholestech's board of directors also took into

account a number of factors in its deliberations concerning the merger, including, but not limited to, the following:

By combining Cholestech with Inverness, Cholestech's stockholders will participate in the benefits of synergies expected to be derived from the merger. For example, following the merger:

the combined company would be able to leverage Inverness' and Cholestech's extensive research and development and other technological resources in order to provide customers more innovative, diverse and compelling products and to get products to market more quickly and at more competitive prices;

the combined company, including Inverness' then-pending business combination with Biosite, would provide the ability to assess cardiac risk, diagnose cardiac conditions and potentially monitor the condition and response therapy of cardiac patients. In considering the proposed business combination, Cholestech noted the additional accretion to earnings that the combined company might achieve based on the consummation of Inverness' then-pending business combination with Biosite;

the combined company is expected to generate significant cost synergies, including from sales and marketing efforts and through the elimination of the costs of operating Cholestech as an independent company; and

the combined company may be able to compete more effectively than Cholestech alone by combining the Inverness and Cholestech brands and leveraging Cholestech's large installed base of physician's offices with Inverness' new and existing product portfolios.

Inverness has a much larger, more diversified revenue stream than Cholestech. As a result of the merger, some of the risks Cholestech and its stockholders have faced in the past as a result of Cholestech's concentration on a single line of business may be mitigated.

The terms of the merger and the merger agreement are fair to Cholestech's stockholders in light of the following considerations:

the belief that the terms of the merger agreement, including the parties' mutual representations, warranties and covenants, and closing conditions, are reasonable and that the prospects for completing the merger are high;

the ability to terminate the merger agreement in order to enter into an agreement for an unsolicited superior proposal subject to a breakup fee;

the analyses of Cholestech's management, financial advisors and legal advisors, including information relating to the due diligence review that was conducted regarding Inverness' business;

Cholestech's board of directors' view that the combination of the businesses of Cholestech and Inverness would result in an organization with greater financial, technical and other resources than Cholestech could provide as a stand-alone entity and could allow for a significant acceleration in the commercial success of Cholestech's pipeline products;

Cholestech's difficulties in competing against larger companies with greater resources;

the fact that the transaction would allow Cholestech's stockholders to receive an equity interest in Inverness and thereby participate in the potential success of Cholestech's current product pipeline and, in the board's estimation, Biosite's product pipeline, as well as that of Inverness;

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the expected tax treatment for Cholestech's stockholders of the exchange of Cholestech common stock for Inverness common stock;

Cholestech management's view as to the potential for other third parties to enter into strategic relationships with or to acquire Cholestech; and

Cholestech's board of directors' assessment of Cholestech's strategic alternatives and its view that merging with Inverness at the proposed exchange ratio presented a more attractive opportunity than staying independent.

The Cholestech board of directors also considered a number of potentially negative factors in its deliberations concerning the merger, including:

the risk that the integration of the two companies' management and cultures might not be accomplished quickly or smoothly;

the loss of control over the future operations of Cholestech following the merger;

the potential loss of key Cholestech and Inverness employees critical to the ongoing success of Cholestech's and Inverness' businesses and to the successful integration of the two companies;

the risk that the merger may not be completed in a timely manner, or at all;

the potential adverse effect of the public announcement of the transaction on Cholestech's collaborations and other key relationships, its ability to attract and retain key management, marketing and technical personnel, and its overall competitive position;

the possible adverse impact arising from senior management devoting significant time and effort to completing the transaction and integrating the two businesses;

the fact that Cholestech would be forgoing other potential opportunities by entering into the merger agreement; and

the other risks described above under "Risk Factors" beginning on page 26 of this proxy statement/prospectus.

This discussion of information and factors considered by the Cholestech board of directors is not intended to be exhaustive but is intended to summarize those factors considered by the Cholestech board of directors that it viewed as material. In view of the wide variety of factors considered by the Cholestech board of directors, the Cholestech board of directors did not find it practicable to quantify or otherwise assign relative weights to the specific factors considered. However, Cholestech's board of directors concluded that the potential benefits of the merger outweighed the potential negative factors and that, overall, the proposed merger had greater potential benefits for Cholestech's stockholders than other strategic alternatives. After taking into account all of the factors set forth above, the Cholestech board of directors unanimously agreed that the proposed merger is advisable and fair to, and in the best interests of, Cholestech's stockholders and that Cholestech should enter into the merger agreement.

Opinion of Cholestech's Financial Advisor

In connection with Cholestech's evaluation of the proposed merger with Inverness, Cholestech retained Savvian Advisors, LLC to provide it with certain financial advisory services. Cholestech selected Savvian based on Savvian's qualifications, expertise, reputation and its knowledge of the business and affairs of Cholestech. At the meeting of Cholestech's board of directors on June 3, 2007, Savvian rendered its oral opinion, subsequently confirmed in writing, that as of June 3, 2007, based upon and subject to the various considerations set forth in its opinion, the exchange ratio pursuant to the merger agreement is fair from a financial point of view to the holders of the outstanding shares of Cholestech common stock.

The full text of the written opinion of Savvian, dated June 3, 2007, is attached as Annex C to this proxy statement/prospectus. The opinion sets forth, among other matters, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Savvian in rendering its opinion. Cholestech urges you to read the entire opinion carefully. Savvian's opinion was directed to Cholestech's board of directors and addresses only the fairness from a financial point of view of the exchange ratio pursuant to the merger agreement. Savvian's opinion did not address Cholestech's basic business decision to proceed with or effect the proposed merger or the relative merits of the proposed merger compared to any alternative business strategy or transaction in which Cholestech might engage. Savvian's opinion did not constitute a recommendation to Cholestech, its board of directors or any committee thereof, its stockholders, or any other person as to any specific action that should be taken in connection with the proposed merger, including how the stockholders of Cholestech should vote with respect to the proposed merger. Savvian did not express any opinion as to the prices at which shares of Inverness common stock will trade at any time. Savvian was not asked to, nor did it, offer any opinion as to the material terms of the merger agreement or the structure of the proposed merger. The summary of the opinion of Savvian set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.

In connection with rendering its opinion, Savvian, among other matters:

reviewed certain publicly available financial statements and other information relating to Cholestech, Biosite and Inverness;

reviewed certain internal financial statements, other financial and operating data, and other information concerning Cholestech, prepared by the management of Cholestech;

reviewed certain internal financial statements and other financial and operating data concerning Inverness and Biosite, prepared by the management of Inverness;

discussed the past and current operations and financial condition and the prospects of Cholestech and Inverness with the managements of Cholestech and Inverness, respectively;

discussed the past and current operations and financial condition and the prospects of Biosite with the management of Inverness;

discussed Inverness' current and future financing plans in connection with Inverness' then-pending acquisition of Biosite pursuant to the agreement and plan of merger dated May 17, 2007 by and among Inverness, a wholly owned subsidiary of Inverness and Biosite as filed by Inverness with the SEC, referred to as the Biosite merger agreement, with the management of Inverness;

reviewed certain Biosite acquisition financing documentation, including bank financing commitment letters and Inverness' rating agency presentation;

discussed the prospects of Cholestech in the absence of the proposed merger with the management and board of directors of Cholestech;

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discussed certain strategic, financial and operational benefits anticipated from the proposed merger with the managements of Cholestech and Inverness;

discussed certain strategic, financial and operational benefits anticipated from the proposed merger and the Biosite acquisition with the managements of Cholestech and Inverness;

reviewed the pro forma financial impact of the proposed merger on the combined company's financial performance, including earnings per share;

reviewed the pro forma financial impact of the proposed merger and the Biosite acquisition on the combined company's financial performance, including earnings per share;

reviewed the pro forma impact of the proposed merger on the capitalization of Inverness;

reviewed the pro forma impact of the proposed merger and the Biosite acquisition on the capitalization of Inverness;

reviewed the reported price and trading activity for Cholestech common stock and Inverness common stock;

compared the financial performance of Cholestech with that of certain other publicly-traded companies that Savvian deemed comparable to Cholestech;

compared the financial performance of Inverness with that of certain other publicly-traded companies that Savvian deemed comparable to Inverness;

reviewed the financial terms, to the extent publicly available, of certain transactions that Savvian deemed comparable;

analyzed discounted equity models for Cholestech prepared based upon estimates and guidance from management of Cholestech;

analyzed discounted equity models for Inverness, both including and excluding the Biosite acquisition, prepared based upon estimates and guidance from management of Inverness;

reviewed and discussed with the management of Cholestech certain alternatives to the proposed merger;

participated in discussions and negotiations among representatives of Cholestech and Inverness and their respective legal and financial advisors;

reviewed the Biosite merger agreement and certain related documents;

reviewed drafts of the merger agreement and certain related documents; and

performed such other analyses and considered such other factors as Savvian deemed appropriate.

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In rendering its opinion, Savvian assumed and relied upon, without independent verification, the accuracy and completeness of the information reviewed by it for the purposes of its opinion. With respect to the financial projections for each of Cholestech, Biosite and Inverness, Savvian assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Cholestech for Cholestech financial projections and Inverness for both Inverness and Biosite financial projections. For its analyses giving effect to Inverness' then-pending acquisition of Biosite, Savvian assumed that all synergies expected from the acquisition would be achieved. Cholestech and Inverness had each advised Savvian that they do not publicly disclose internal financial information of the type provided to Savvian and that such information was prepared for financial planning purposes and not with the expectation of public disclosure. In arriving at its opinion, Savvian relied upon the estimates of the managements of Cholestech and Inverness relating to certain strategic, financial and

operational benefits from the consummation of the proposed merger and assumed that such benefits will be realized. In addition, Savvian assumed that the proposed merger will be consummated in accordance with the terms set forth in the merger agreement (without any amendments or modifications thereto), without waiver by any party of any material rights thereunder, that in all respects material to its analysis, the representations and warranties contained in the merger agreement made by the parties thereto are true and correct and that the merger agreement executed by the parties thereto does not differ in any material respect from the form of the draft merger agreement delivered to it on June 3, 2007. Savvian also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the proposed merger will be obtained without any adverse effect on Cholestech, Inverness or on the expected benefits of the proposed merger in any way meaningful to its analysis. Savvian's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, June 3, 2007. Savvian assumed no responsibility to update or revise its opinion based upon events or circumstances occurring or becoming known to it after June 3, 2007. Savvian reserved the right to withdraw, revise or modify its opinion based upon additional information which may be provided to or obtained by it, which suggests, in its judgment, a change in the facts or assumptions (or the bases therefor) upon which its opinion is based.

Savvian assumed that Inverness would not consummate the Biosite acquisition on terms that are different in any material respect than the terms set forth in the Biosite merger agreement and that all governmental, regulatory or other consents and approvals obtained in connection with the Biosite acquisition would be obtained without any adverse effect on Inverness or on the expected benefits of the Biosite acquisition or the proposed merger in any way meaningful to its analysis.

Savvian did not make any independent investigation of any legal, accounting or tax matters affecting Cholestech or Inverness, and Savvian assumed the correctness of all legal, accounting and tax advice given to Cholestech and its board of directors. In addition, Savvian took into account its experience in transactions that it believed to be generally comparable or relevant, as well as its experience in securities valuation in general.

The following is a summary of all material analyses performed by Savvian in connection with its opinion dated June 3, 2007 and reviewed with the board of directors of Cholestech at its meeting on June 3, 2007. These summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Savvian, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Cholestech Corporation

Historical Trading Analysis

Savvian reviewed general trading information concerning Cholestech common stock, including the stock price and volume over selected periods and the stock trading history. Savvian noted that the range of prices in the 12 months ended June 1, 2007 was \$10.22 to \$19.57 per share and that the average closing price over such period was \$15.41 per share. Savvian also noted that the closing price of Cholestech common stock on June 1, 2007 was \$16.79 per share. Savvian also noted the moving

averages of closing prices of Cholestech common stock over various periods ending on June 1, 2007 as summarized below:

Period Ended June 1, 2007	Moving Averages
Last 5 days	\$ 16.83
Last 10 days	\$ 17.11
Last 20 days	\$ 17.48
Last 30 days	\$ 17.69
Last 60 days	\$ 17.43
Last 90 days	\$ 17.38

Savvian also reviewed the trading price performance of Cholestech common stock over various periods ending on June 1, 2007 and compared its performance with that of Inverness common stock and the Nasdaq Composite Index. The following table sets forth the changes in stock prices for such companies and indices:

	Share Price Increase/(Decrease)			
	Last 6 Months	Last 12 months	Last 2 years	Last 5 years
Cholestech	(6)%	21%	84%	(8)%
Inverness	23%	58%	73%	129%
Nasdaq	8%	18%	25%	62%

Securities Research Analysts' Price Targets

Savvian reviewed and analyzed future public market trading price targets for Cholestech common stock prepared and published by equity research analysts. These targets reflect each analyst's estimate of the future public market trading price of Cholestech common stock. The range of analyst price targets for Cholestech common stock was \$19.00 to \$24.00 per share. Based on the closing price per share of Inverness common stock as of June 1, 2007 of \$48.17 and the exchange ratio of 0.43642x pursuant to the merger agreement, Savvian noted that the implied value per share of Cholestech common stock was \$21.02.

The public market trading price targets published by the securities research analysts do not necessarily reflect current market trading prices for Cholestech common stock, and these estimates are subject to uncertainties, including the future financial performance of Cholestech and future financial market conditions.

Exchange Ratio Premium Analysis

Savvian reviewed the ratios of the closing prices of Cholestech common stock divided by the corresponding closing prices of Inverness common stock over various periods ending June 1, 2007 to provide background information and perspective on the average exchange ratio and its premium or discount to the exchange ratio set forth in the merger agreement. Savvian determined that the exchange ratio of 0.43642x pursuant to the merger agreement represented a premium of 25.2% based on the exchange ratio of 0.3486x calculated as of June 1, 2007. Savvian examined the premiums

represented by the exchange ratio set forth the merger agreement over the period average ratios and found them to be as follows:

Period Ended June 1, 2007	Average Exchange Ratio	Transaction Exchange Ratio Premium to Average Exchange Ratio
Last 5 days	0.3613x	20.8%
Last 10 days	0.3894x	12.1%
Last 20 days	0.4160x	4.9%
Last 30 days	0.4276x	2.1%
Last 60 days	0.4172x	4.6%
Last 90 days	0.4146x	5.3%
Last 120 days	0.4311x	1.2%
Last 12 months	0.4161x	4.9%
Last 12 months high	0.3927x	11.1%
Last 12 months low	0.3932x	11.0%

Contribution Analysis

Savvian compared Cholestech and Inverness stockholders' respective expected percentage ownership of the combined company to Cholestech's and Inverness' respective percentage contribution (and the implied ownership based on such contribution) to the combined company based upon the revenues and net income for the 12 months ended March 31, 2007 and the estimated revenues and net income for calendar year 2007 and calendar year 2008. For purposes of this analysis Savvian utilized projections for Cholestech based on publicly available equity research estimates for calendar years 2007 and 2008 reported by Sidoti & Co. as of May 9, 2007, referred to as the Base Case, and projections for Inverness prepared based on estimates and guidance from management of Inverness, referred to as the Alternative Case. Based on Cholestech's respective implied ownership and based on the closing price per share of Inverness common stock of \$48.17 as of June 1, 2007, Savvian calculated an implied value per share of Cholestech and an implied exchange ratio. The table below summarizes the results of Savvian's calculations:

	Implied % Pro Forma Ownership	Implied Cholestech Price per Share	Implied Exchange Ratio
Revenues			
Last 12 Months	12.2%	\$ 20.27	0.4207x
Estimated Calendar Year 2007	12.3%	\$ 20.43	0.4241x
Estimated Calendar Year 2008	12.4%	\$ 20.66	0.4288x
Net Income			
Last 12 Months	20.1%	\$ 36.61	0.7601x
Estimated Calendar Year 2007	20.4%	\$ 37.18	0.7718x
Estimated Calendar Year 2008	19.0%	\$ 34.11	0.7080x
Mean	16.1%	\$ 28.21	0.5856x
Median	15.7%	\$ 27.38	0.5684x

As noted above, based on the closing price per share of Inverness common stock as of June 1, 2007 of \$48.17 and the exchange ratio of 0.43642x pursuant to the merger agreement, Savvian noted that the implied value per share of Cholestech common stock was \$21.02.

Comparable Companies Analysis

While noting that no comparable public company is identical to Cholestech, Savvian compared selected financial information for Cholestech with publicly available information for comparable medical diagnostic companies that shared certain characteristics with Cholestech. The purpose of this analysis was to determine equity values of Cholestech by applying trading multiples of comparable companies to financial metrics for Cholestech and to compare such implied equity values to the values implied by the exchange ratio pursuant to the merger agreement. For this analysis Savvian utilized estimates from the Cholestech Base Case and projections for calendar years 2007 and 2008 provided by management of Cholestech, referred to as the Downside Case. For each of the Base Case and the Downside Case and using the closing price of Cholestech common stock as of June 1, 2007 and the number of shares of Cholestech common stock outstanding, Savvian calculated, for each of the comparable companies, the ratios of: (1) aggregate value to estimated revenue for calendar years 2007 and 2008; and (2) price to estimated earnings per share for calendar years 2007 and 2008. The companies used in this comparison included the following:

ABAXIS, Inc.

Digene Corporation

IRIS International, Inc.

Meridien Bioscience Inc.

Natus Medical Incorporated

OraSure Technologies, Inc.

Quidel Corporation

Savvian then calculated the Cholestech equity value and equity value per share implied by such ranges of multiples. The table below summarizes this analysis:

(\$ in millions, except per share data)

Calendar Year Financial Statistic	Implied Cholestech Equity Value (1)		Implied Value per Share of Cholestech	
Base Case				
Aggregate Value to Estimated 2007 Revenue	\$ 286.8	\$361.6	\$ 17.70	\$22.04
Price to Estimated 2007 Earnings Per Share	\$ 262.6	\$402.8	\$ 16.29	\$24.43
Aggregate Value to Estimated 2008 Revenue	\$ 270.6	\$353.8	\$ 16.75	\$21.59
Price to Estimated 2008 Earnings Per Share	\$ 276.3	\$350.0	\$ 17.09	\$21.37
Downside Case				
Aggregate Value to Estimated 2007 Revenue	\$ 283.2	\$356.8	\$ 17.50	\$21.77
Price to Estimated 2007 Earnings Per Share	\$ 238.7	\$366.5	\$ 14.88	\$22.33
Aggregate Value to Estimated 2008 Revenue	\$ 260.5	\$339.7	\$ 16.16	\$20.77
Price to Estimated 2008 Earnings Per Share	\$ 240.8	\$305.0	\$ 15.01	\$18.76

(1)

Based on debt of \$0.0 million and cash of \$62.5 million.

Based upon the foregoing comparable companies analysis, the overall mean range of the implied value of Cholestech on a per share basis was a range of \$16.42 to \$21.63. As noted above, based on the closing price per share of Inverness common stock as of June 1, 2007 of \$48.17 and the exchange ratio of 0.43642x pursuant to the merger agreement, Savvian noted that the implied value per share of Cholestech common stock was \$21.02.

No company utilized in the comparable companies analysis is identical to Cholestech. In evaluating the comparable companies, Savvian made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other

matters, many of which are beyond the control of Cholestech, such as the impact of competition on the business of Cholestech and the industry in general, industry growth and the absence of any material adverse change in the financial condition and prospects of Cholestech or the industry or in the financial markets in general. Mathematical analysis, such as determining the average or median, or the high or low, is not in itself a meaningful method of using comparable company data.

Precedent Transaction Premiums Analysis

Savvian considered the premiums paid above a seller's share price in order to determine the additional value that acquirers, when compared to public stockholders, are willing to pay for companies in a particular market segment. Savvian reviewed publicly available information of purchase prices for acquisitions of public companies compared to their pre-transaction market prices. Savvian reviewed the following ten selected precedent transactions:

Acquiror	Target
Agilent Technologies Inc.	Stratogene Corp.
Inverness	Biosite
Cytoc Corporation	Adeza Biomedical Corporation
MDS Inc.	Molecular Devices Corporation
Becton, Dickinson and Company	TriPath Imaging, Inc.
General Electric Co.	Biacore International AB
Siemens AG	Diagnostic Products Corporation
Invitrogen Corporation	Biosource International, Inc.
Abbott Laboratories	TheraSense, Inc.
Abbott Laboratories	I-Stat Corporation

For each transaction noted above Savvian noted the following financial statistics where available: (1) enterprise value to next 12 months estimated revenue; (2) price to next 12 months estimated earnings per share; (3) implied premium to price one trading day prior to announcement; and (4) implied premium to average closing price over the prior 12 months. Savvian then calculated the Cholestech equity value and equity value per share implied by such ranges of premiums and ranges of multiplies based on the Base Case and Downside Case. The table below summarizes this analysis:

(\$ in millions, except per share data)

Financial Statistic	Implied Cholestech Equity Value (1)		Implied Value per Share of Cholestech	
Base Case				
Enterprise Value to Next 12 Months Revenue	\$ 293.5	\$409.0	\$ 18.09	\$24.79
Price to Next 12 Months Earnings per Share	\$ 271.7	\$508.8	\$ 16.82	\$30.59
Downside Case				
Enterprise Value to Next 12 Months Revenue	\$ 287.7	\$400.3	\$ 17.75	\$24.29
Price to Next 12 Months Earnings per Share	\$ 243.3	\$456.6	\$ 15.15	\$27.55
Premium Paid versus:				
Share Price One Trading Day Prior to Announcement	\$ 314.5	\$415.7	\$ 19.31	\$25.19
Last 12 Months Average Share Price Prior to Announcement	\$ 300.3	\$380.0	\$ 18.49	\$23.11

(1) Based on debt of \$0.0 million and cash of \$62.5 million.

The purpose of this analysis was to compare the premium implied by the exchange ratio pursuant to the merger agreement with the premiums paid in the selected transactions. Based upon the foregoing Precedent Transaction Premiums Analysis, the overall mean range of the implied value of Cholestech on a per share basis was a range of \$17.60 to \$25.92. As noted above, based on the closing price per share of Inverness common stock as of June 1, 2007 of \$48.17 and the exchange ratio of 0.43642x pursuant to the merger agreement, Savvian noted that the implied value per share of Cholestech common stock was \$21.02.

No transaction included in the precedent transaction premiums analysis is identical to the merger. In evaluating the precedent transactions, Savvian made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters. Many of these matters are beyond the control of Cholestech, such as the impact of competition on the business of Cholestech and the industry in general, industry growth and the absence of any material

adverse change in the financial condition and prospects of Cholestech or the industry or in the financial markets in general which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared. Mathematical analysis, such as determining the average or median, or the high or the low, is not in itself a meaningful method of using precedent transaction data.

Discounted Equity Analysis

Savvian performed a discounted equity value analysis, which is designed to provide insight into the future value of a company's common equity as a function of the company's future earnings and its current forward price to earnings multiple, and the resulting value is subsequently discounted to arrive at a company's present value for its stock price. In connection with this analysis, Savvian calculated a range of present equity values per share for Cholestech on a standalone basis. To calculate the discounted equity value, Savvian utilized the Base Case and the Downside Case. Savvian applied a range of price to earnings multiples to these estimates and applied discount rates of 12.0% and 15.0% to these ranges. The table below summarizes this analysis:

Financial Statistic	Implied Cholestech Equity Value (1)		Implied Value per Share of Cholestech	
	(millions)			
Base Case	\$ 253.6	\$ 395.4	\$ 15.76	\$ 24.00
Downside Case	\$ 220.8	\$ 344.8	\$ 13.83	\$ 21.07

(1) Based on debt of \$0.0 million and cash of \$62.5 million.

As noted above, based on the closing price per share of Inverness common stock as of June 1, 2007 of \$48.17 and the exchange ratio of 0.43642x pursuant to the merger agreement, Savvian noted that the implied value per share of Cholestech common stock was \$21.02.

Inverness Medical Innovations, Inc.

Historical Trading Analysis

Savvian reviewed general trading information concerning Inverness common stock, including the stock price and volume over selected periods and the stock trading history. Savvian noted that the range of closing prices in the 12 months ended June 1, 2007 was \$25.99 to \$49.83 per share and that the average closing price over such period was \$37.03 per share. Savvian also noted that the closing price of Inverness common stock on June 1, 2007 was \$48.17 per share. Savvian also noted the moving averages of closing prices of Inverness common stock over various periods ending on June 1, 2007 as summarized below:

Period Ended June 1, 2007	Moving Averages
Last 5 days	\$ 46.58
Last 10 days	\$ 43.93
Last 20 days	\$ 42.01
Last 30 days	\$ 41.38
Last 60 days	\$ 41.77
Last 90 days	\$ 41.92

Securities Research Analysts' Price Targets

Savvian reviewed and analyzed future public market trading price targets for Inverness common stock prepared and published by equity research analysts. These targets reflect each analyst's estimate of the future public market trading price of Inverness common stock. The range of analyst price targets

for Inverness common stock was \$49.00 to \$55.00 per share. Savvian noted that the closing price per share of Inverness common stock as of June 1, 2007 was \$48.17.

The public market trading price targets published by the securities research analysts do not necessarily reflect current market trading prices for Inverness common stock, and these estimates are subject to uncertainties, including the future financial performance of Inverness and future financial market conditions.

Comparable Companies Analysis

While noting that no comparable public company is identical to Inverness, Savvian compared selected financial information for Inverness with publicly available information for comparable medical diagnostic companies that shared certain characteristics with Inverness. For this analysis Savvian utilized the Alternative Case. Using the closing price of Inverness common stock as of June 1, 2007 and the number of shares of Inverness common stock outstanding, Savvian calculated, for each of the comparable companies, the ratios of: (1) aggregate value to estimated revenue for calendar years 2007 and 2008 and (2) price to estimated earnings per share for calendar years 2007 and 2008. The companies used in this comparison included the following:

Beckman Coulter, Inc.
 Bio-Rad Laboratories, Inc.
 Dade Behring Holdings, Inc.
 Digene Corporation
 Gen-Probe Incorporated
 Immucor, Inc.
 Ventana Medical Systems, Inc.

Savvian then calculated the Inverness equity value and equity value per share implied by such ranges of multiples. The table below summarizes this analysis:

(\$ in millions, except per share data)

Calendar Year Financial Statistic	Implied Inverness Equity Value (1)		Implied Value per Share of Inverness	
Aggregate Value to Estimated 2007 Revenue	\$ 2,303	\$ 2,862	\$ 47.31	\$ 58.41
Price to Estimated 2007 Earnings Per Share	\$ 1,801	\$ 2,339	\$ 37.35	\$ 48.02
Aggregate Value to Estimated 2008 Revenue	\$ 2,188	\$ 2,802	\$ 45.03	\$ 57.23
Price to Estimated 2008 Earnings Per Share	\$ 1,498	\$ 2,443	\$ 31.31	\$ 50.09

(1) Based on debt of \$159.9 million and cash of \$505.9 million.

Based upon the foregoing comparable companies analysis, the overall mean range of the implied value of Inverness on a per share basis was a range of \$40.25 to \$53.44. Savvian noted that the closing price per share of Inverness common stock as of June 1, 2007 was \$48.17.

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Savvian also calculated the Inverness equity value and equity value per share implied by such ranges of multiples, taking into account the Biosite acquisition and assuming 100% of the expected synergies with Biosite. The table below summarizes this analysis:

(\$ in millions, except per share data)

Calendar Year Financial Statistic	Implied Inverness Pro Forma Equity Value (1)		Implied Pro Forma Value per Share of Inverness	
Aggregate Value to Estimated 2007 Revenue (2)	\$ 1,784	\$ 2,668	\$ 37.00	\$ 54.57
Price to Estimated 2007 Earnings Per Share (2)	\$ 2,420	\$ 3,134	\$ 49.64	\$ 63.82
Aggregate Value to Estimated 2008 Revenue	\$ 1,565	\$ 2,523	\$ 32.63	\$ 51.68
Price to Estimated 2008 Earnings Per Share	\$ 2,267	\$ 3,675	\$ 46.60	\$ 74.57

(1) Based on debt of \$1,327 million and cash of \$17 million for Inverness and Biosite.

(2) Assumes full year Biosite acquisition.

Based upon the foregoing comparable companies analysis, the overall mean range of the implied value of Inverness on a per share basis was a range of \$41.47 to \$61.16.

No company utilized in the comparable companies analysis is identical to Inverness or Biosite. In evaluating the comparable companies, Savvian made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Inverness and Biosite, such as the impact of competition on the businesses of Inverness and Biosite and the industry in general, industry growth and the absence of any material adverse change in the financial condition and prospects of Inverness and Biosite or the industry or in the financial markets in general. Mathematical analysis, such as determining the average or median, or the high or low, is not in itself a meaningful method of using comparable company data.

Precedent Transaction Premiums Analysis

Savvian performed a precedent transaction premiums analysis for Inverness on a standalone basis and also taking into account the Biosite acquisition. Savvian reviewed publicly available information of purchase prices for acquisitions of public companies compared to their pre-transaction market prices. Savvian reviewed the same ten selected precedent transactions that it reviewed for the precedent transaction premiums analysis performed for Cholestech. See "*Cholestech Corporation Precedent Transaction Premiums Analysis*" above.

For each transaction noted above Savvian noted the following financial statistics where available: (1) enterprise value to next 12 months estimated revenue; (2) price to next 12 months estimated earnings per share; (3) implied premium to price one trading day prior to announcement; and (4) implied premium to average closing price over the prior 12 months. Savvian then calculated the Inverness equity value and equity value per share implied by such ranges of premiums and ranges of multiples based on the Alternative Case. The tables below summarize this analysis:

Inverness standalone

(\$ in millions, except per share data)

Financial Statistic	Implied Inverness Equity Value (1)		Implied Value per Share of Inverness	
Ratio:				
Enterprise Value to Next 12 Months Revenue	\$ 2,069	\$ 2,930	\$ 42.67	\$ 59.77
Price to Next 12 Months Earnings per Share	\$ 1,601	\$ 2,440	\$ 33.35	\$ 50.03
Premium Paid versus:				
Share Price One Trading Day Prior to Announcement	\$ 2,710	\$ 3,559	\$ 55.40	\$ 72.26
Last 12 Months Average Share Price Prior to Announcement	\$ 2,251	\$ 2,718	\$ 46.29	\$ 55.55

(1)

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Based on debt of \$159.9 million and cash of \$505.9 million.

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Inverness Biosite acquisition

(\$ in millions, except per share data)

Financial Statistic	Implied Inverness Equity Value (1)		Implied Value per Share of Inverness	
Ratio:				
Enterprise Value to Next 12 Months Revenue	\$ 1,398	\$ 2,752	\$ 29.28	\$ 56.23
Price to Next 12 Months Earnings per Share	\$ 2,239	\$ 3,398	\$ 46.04	\$ 69.06
Premium Paid versus:				
Share Price One Trading Day Prior to Announcement	\$ 2,710	\$ 3,559	\$ 55.40	\$ 72.26
Last 12 Months Average Share Price Prior to Announcement	\$ 2,251	\$ 2,718	\$ 46.29	\$ 55.55

(1)

Based on debt of \$1,327 million and cash of \$17 million for Inverness and Biosite.

Based upon the foregoing precedent transaction premiums analysis, the overall mean range of the implied standalone value of Inverness on a per share basis was a range of \$44.43 to \$59.40 and the overall mean range of the implied value of Inverness on a per share basis, taking into account the Biosite acquisition, was a range of \$44.25 to \$63.27. Savvian noted that the closing price per share of Inverness common stock as of June 1, 2007 was \$48.17.

No transaction included in the precedent transaction premiums analysis is identical to the merger. In evaluating the precedent transactions, Savvian made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters. Many of these matters are beyond the control of Inverness and Biosite, such as the impact of competition on the businesses of Inverness and Biosite and the industry in general, industry growth and the absence of any material adverse change in the financial condition and prospects of Inverness and Biosite or the industry or in the financial markets in general which could affect the public trading value of the companies and the aggregate value of the transactions to which they are being compared. Mathematical analysis, such as determining the average or median, or the high or the low, is not in itself a meaningful method of using precedent transaction data.

Discounted Equity Analysis

Savvian calculated a range of present equity values per share for Inverness on a standalone basis and also taking into account the Biosite acquisition. To calculate the discounted equity value, Savvian utilized the Alternative Case. Savvian applied a range of price to earnings multiples to these estimates and applied discount rates of 12.0% and 15.0% to these ranges. The table below summarizes this analysis:

Financial Statistic	Implied Inverness Equity Value		Implied Value per Share of Inverness	
Inverness standalone (1)	\$ 1,955	\$ 2,459	\$ 40.40	\$ 50.41
Inverness Biosite acquisition (2)	\$ 2,949	\$ 3,699	\$ 60.14	\$ 75.03

(1)

Based on debt of \$159.9 million and cash of \$505.9 million.

(2)

Based on debt of \$1,327 million and cash of \$17 million for Inverness and Biosite.

In connection with the review of the transaction by Cholestech's board of directors, Savvian performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Savvian considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Savvian believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Savvian may have given various analyses and factors more or less weight than other analyses and

factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Savvian's view of the actual value of Cholestech, Inverness or Biosite. In performing its analyses, Savvian made numerous assumptions with respect to industry performance, general business and economic conditions and other matters. Many of these assumptions are beyond the control of Cholestech, Inverness or Biosite. Any estimates contained in Savvian's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates. Additionally, Savvian excluded stock option expenses from the financial results of Cholestech, Inverness and Biosite for its analyses.

Savvian conducted the analyses described above solely as part of its analysis of the fairness of the exchange ratio pursuant to the merger agreement from a financial point of view and in connection with the delivery of its opinion to Cholestech's board of directors. These analyses do not purport to be appraisals or to reflect the prices at which shares of Cholestech common stock might actually trade.

The determination of the exchange ratio pursuant to the merger agreement was determined through arm's-length negotiations between Cholestech and Inverness and was approved by Cholestech's board of directors. Savvian provided advice to Cholestech during these negotiations but did not, however, recommend any specific amount of consideration to Cholestech or that any specific amount of consideration constituted the only appropriate purchase price for the transaction.

Savvian's opinion and its presentation to Cholestech's board of directors was one of many factors taken into consideration by Cholestech's board of directors in deciding to approve the proposed merger. Consequently, the analyses as described above should not be viewed as determinative of the opinion of Cholestech's board of directors with respect to the exchange ratio pursuant to the merger agreement or of whether they would have been willing to agree to a different exchange ratio or amount of consideration.

Cholestech engaged Savvian on October 6, 2006 to perform its work under an engagement letter on behalf of Cholestech. Pursuant to the terms of this engagement letter, Cholestech agreed to pay Savvian a transaction fee for its services, all of which is contingent upon the consummation of the proposed merger. Cholestech has also agreed to reimburse Savvian for its reasonable out-of-pocket expenses and to indemnify it against specified liabilities relating to or arising out of the rendering of the opinion or other services performed under the engagement letter by Savvian.

Cholestech retained Savvian based upon Savvian's qualifications, experience and expertise. Savvian is an internationally recognized investment banking and advisory firm. Savvian, as part of its investment banking and financial advisory business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwriting, competitive bidding, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

Inverness' Reasons for the Merger

In reaching its decision to approve the merger, Inverness' board of directors determined that the merger is in the best interests of Inverness and its stockholders. The decision by Inverness' board of directors was reached after consulting with Inverness' management and its financial and legal advisors, and after consideration of various factors, including:

Inverness management's view of the financial performance of Inverness and Cholestech before and after giving effect to the merger;

Inverness' familiarity with the expected market for Cholestech's products;

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the type and amount of consideration to be paid in the transaction, including the proposal to pay a premium over the then-current market price of Cholestech common stock;

the terms of the merger agreement;

then-current financial market conditions and historical market prices, volatility and trading information for the Inverness common stock and Cholestech common stock; and

the results of the due diligence investigation conducted by Inverness' management, accountants and legal counsel.

The decision of the Inverness board of directors to approve the merger was based on the potential benefits of the merger that the Inverness board of directors believed would contribute to the success of Inverness' business and corresponding benefits to Inverness, including:

the degree of penetration by Cholestech into the physician office lab, or POL, market, with its CLIA-waived LDX System, and the related opportunities to sell Inverness' cardiology and other products in that market;

Cholestech's reputation and name recognition in the POL market;

the complementary nature of the products currently offered by Cholestech to those offered by Inverness (including the cardiology products offered by Inverness' newly acquired subsidiary, Biosite, as well as those under development by Inverness), which will enable Inverness to expand the range of products that it offers;

the opportunity to acquire and commercialize certain new technologies of Cholestech;

the opportunity for the combined company to achieve cost savings through the realization of operational synergies between the businesses of Cholestech and Inverness;

the increased scale and revenue base of the combined company compared to that of Inverness' existing business; and

the increased efficiency of the sales and marketing teams of the combined company and the ability to forge stronger relations with the combined company's most significant customers.

In considering the merger, the Inverness board of directors also identified and considered a number of potentially negative factors, including the following:

the risk that the value of the Cholestech business could decline after the execution of the merger agreement, particularly in light of the fact that the exchange ratio would not be adjusted to reflect declines in the market price of the Cholestech common stock;

the risk that the potential benefits of the merger would not be realized fully as a result of challenges the companies might face in integrating their technology, personnel and operations, as well as general industry-wide or economic conditions or other factors;

the risk that after the merger Inverness could lose important current customers of Inverness or Cholestech;

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the risk that, if the merger is not consummated, Inverness' management would have devoted substantial time and resources to the combination at the expense of attending to and growing Inverness' business or other business opportunities;

the risks associated with the additional demands that the acquisition of Cholestech would place on management, particularly in light of the already substantial additional demands placed on management by the then-pending tender offer to acquire the shares of Biosite, and the

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additional challenges that management would face in integrating the operations of Inverness, Biosite and Cholestech, if both acquisitions were to be consummated;

the risk that after the merger the change in size and geographic scope of Inverness, matters associated with the transition and the increased management responsibilities related to such factors would impact the ability of management to oversee operations; and

the potential adverse impact of the resale of additional shares of Inverness common stock into the market after the closing, which could have the effect of putting downward pressure on the trading price of Inverness common stock.

The foregoing discussion of the information and factors considered by the Inverness board of directors is not intended to be exhaustive but is believed to include all material factors considered by the Inverness board. In view of the variety of factors considered in connection with its evaluation of the merger, the Inverness board of directors did not quantify or otherwise assign relative weights to the factors considered in reaching its conclusions. In addition, individual members of the Inverness board of directors may have given different weights to different factors. However, on an overall basis, the Inverness board of directors concluded that the factors favoring the merger outweigh the countervailing factors.

For the strategic reasons set forth above, after consultation with Inverness' senior management and its advisors and consideration of the terms and conditions of the merger agreement and the transactions contemplated by the merger agreement, the Inverness board of directors determined that the merger was in the best interests of Inverness and its stockholders.

Interests of Executive Officers and Directors of Cholestech in the Merger

In considering the recommendation of the Cholestech board of directors with respect to the merger, Cholestech stockholders should be aware that certain executive officers and directors of Cholestech have interests in the merger that may be different from, or in addition to, the interests of Cholestech stockholders generally. The Cholestech board of directors was aware of the interests described below and considered them, among other matters, when adopting the merger agreement and recommending that Cholestech stockholders vote to approve the principal terms of the merger. These interests are summarized below.

Cholestech Shares of Common Stock and Stock Options

Officers and directors of Cholestech who own Cholestech common stock will receive shares of Inverness common stock on the same terms as all the other stockholders of Cholestech. As of the record date, the members of the Cholestech board of directors and the executive officers of Cholestech beneficially owned _____ shares of Cholestech common stock, or approximately _____ % of Cholestech's outstanding shares, and accordingly are eligible to receive a maximum aggregate of _____ shares of Inverness common stock in the transaction. The board members and executive officers of Cholestech hold options to acquire _____ shares of Cholestech common stock, with exercise prices ranging from \$ _____ to \$ _____ per share, which will be assumed by Inverness and be converted into options to acquire approximately _____ shares of Inverness common stock on the same terms as other holders of Cholestech stock options. For more information about these options, you should read the section of this proxy statement/prospectus entitled "The Merger Agreement Treatment of Cholestech Stock Options and Assumption of Cholestech Stock Option Plans; Termination of Employee Stock Purchase Plan" beginning on page 95.

Change of Control Severance and Post-Employment Benefits

Post-Employment Severance

In June 2001, Cholestech entered into a severance agreement with Mr. Pinckert. This agreement was amended in March 2003 and provides that in the event he is terminated by Cholestech, for any or no reason, Mr. Pinckert will be paid, over a period of 18 months commencing on the date of such termination, an amount equal to 18 months' compensation, at the rate of compensation in effect immediately prior to such termination (minus applicable withholding). Pursuant to the severance agreement, Mr. Pinckert will also receive group health and life insurance coverage for 18 months, and the vesting of 18 months' worth of unvested and outstanding stock options will accelerate.

Cholestech entered into severance agreements with Terry Wassmann, vice president of human resources, in July 2001 and with Donald Wood, vice president of operations, in April 2003. These agreements were amended in October 2003. Cholestech also entered into a severance agreement with Kenneth Miller, vice president of sales and marketing, in June 2004; John Glenn, vice president of finance and chief financial officer, in October 2004; Barbara McAleer, vice president of quality assurance and regulatory affairs, in January 2005; and Gregory Bennett, vice president of development, in December 2005. These severance agreements provide that in the event the executive officer is terminated by Cholestech, for any or no reason, he or she will be paid, over a period of 12 months commencing on the date of such termination, an amount equal to 12 months' compensation, at the rate of compensation in effect immediately prior to such termination (minus applicable withholding). Pursuant to the severance agreements, these individuals will also receive group health and life coverage for 12 months, and the vesting of 12 months' worth of unvested and outstanding stock options will accelerate.

Change of Control Severance

Cholestech entered into a change of control severance agreement with Mr. Pinckert in June 2001. This agreement was amended in January 2003 and again in March 2004. The amended agreement provides that if Mr. Pinckert's employment is involuntarily terminated within 12 months after a change of control of Cholestech, Mr. Pinckert will be paid, over a period of 24 months commencing on the date of such termination, an amount equal to (a) two years' compensation at the rate of compensation in effect immediately prior to such termination (minus applicable withholding), (b) 200% of his target bonus as in effect for the fiscal year in which the termination occurs and (c) up to 100% of his target bonus as in effect for the fiscal year in which the termination occurs, with such amount determined by the board in its sole discretion based on Mr. Pinckert's achievement of the management objectives on which such bonus is based and pro rated for the year of termination. In addition, upon such termination after a change of control, 100% of the outstanding stock options held by Mr. Pinckert will vest, and he (and his dependents, where applicable) will receive continued group health coverage and benefits for 24 months.

Cholestech entered into a change of control severance agreement with Ms. Wassmann in August 2001. This agreement was amended in January 2003 and again in March 2004. Cholestech also entered into a change of control severance agreement with Mr. Wood in October 2003. This agreement was amended in March 2004. Cholestech entered into a change of control severance agreement with Mr. Miller in June 2004, Mr. Glenn in October 2004, Ms. McAleer in January 2005, and Mr. Bennett in December 2005. These change of control severance agreements provide that if the employment of the executive officer is involuntarily terminated within 12 months after a change of control of Cholestech, he or she will be paid, over a period of 18 months commencing on the date of such termination, an amount equal to (a) 18 months' compensation at the rate of compensation in effect immediately prior to such termination (minus applicable withholding), (b) 150% of his or her target bonus as in effect for the fiscal year in which the termination occurs and (c) up to 100% of his or her

target bonus as in effect for the fiscal year in which the termination occurs, with such amount determined by the board in its sole discretion based on his or her achievement of the management objectives on which such bonus is based and pro rated for the year of termination. In addition, upon such termination after a change of control, 100% of the outstanding stock options held by the executive officer will vest, and he or she (and his or her dependents where applicable) will receive continued group health coverage and benefits for 18 months.

In order to comply with the new rules related to post-termination payments under Section 409A of the Internal Revenue Code, in June 2007, the board of directors approved certain amendments to the severance and change of control severance agreements of all Cholestech's executive officers. The amendments are expected to provide for a 6-month delay of the payment of severance benefits if the executive officer is a "specified employee" within the meaning of Section 409A. As a result, no severance benefits are expected to be payable to the executive officer for six months following his or her termination if he or she is determined to be a specified employee.

The merger of Inverness and Cholestech will constitute a change of control under the terms of these change of control severance agreements. However, the benefits granted pursuant to the change of control severance agreements will only be received by an executive officer in the event the executive officer is involuntarily terminated within 12 months after the change of control of Cholestech. For purposes of the change of control severance agreements, "involuntary termination" shall mean (a) for Mr. Pinckert, the failure of an acquiring corporation to offer him the position of chief executive officer of the acquiring corporation following a change of control, and for Messrs. Bennett, Glenn, Miller and Wood, and Ms. McAleer and Ms. Wassmann, without the executive officer's express written consent, a significant reduction of the executive officer's duties, position or responsibilities relative to the executive officer's duties, position or responsibilities in effect immediately prior to such reduction, or the removal of the executive officer from such duties, position and responsibilities, unless the executive officer is provided with comparable duties, position and responsibilities, but a reduction in duties, position or responsibilities solely by virtue of Cholestech being acquired and made part of a larger entity shall not constitute an involuntary termination; (b) without the executive officer's express written consent, a substantial reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to the executive officer immediately prior to such reduction; (c) without the executive officer's express written consent, a reduction by Cholestech of the executive officer's base salary or target bonus as in effect immediately prior to such reduction; (d) without the executive officer's express written consent, a material reduction by Cholestech in the kind or level of executive officer benefits to which the executive officer is entitled immediately prior to such reduction with the result that the executive officer's overall benefits package is significantly reduced; (e) without the executive officer's express written consent, the relocation of the executive officer on a full-time basis to a facility or a location more than 50 miles from his or her current location; (f) any purported termination of the executive officer by Cholestech which is not effected for cause or for which the grounds relied upon are not valid; or (g) the failure of Cholestech to obtain the assumption of the change of control severance agreement by any successors contemplated in the change of control severance agreement.

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Estimated Current Value of Change-in-Control Benefits

Cholestech estimates that, if the employment of any of the following executive officers were to be involuntarily terminated on August 15, 2007 after a change of control, the executive officer would become entitled to receive the following benefits:

Name	Severance (Base Salary)	Severance (Bonus)	Equity Acceleration			Estimated Golden Parachute Tax Gross Up(4)	Total
			Number of Unvested Options at 8/15/07(1)	Estimated Cash Benefits of Unvested Options(2)	COBRA(3)		
Warren E. Pinckert	\$ 884,000	\$ 442,000	76,170	\$ 772,940	\$ 93,246	\$ 718,875	\$ 2,911,061
John F. Glenn	369,000	110,700	34,168	383,814	45,741		909,255
Barbara T. McAleer	327,000	98,100	36,669	373,357	25,541		823,998
Kenneth F. Miller	396,563	118,969	30,835	321,070	54,914		891,516
Donald P. Wood	364,613	109,384	29,898	316,922	43,937		834,856
Gregory L. Bennett	300,000	90,000	32,920	336,414	33,455		759,869
Terry L. Wassmann	273,150	81,945	22,502	225,089	50,027		630,211

- (1) The number of unvested options in this chart is based on the total unvested and outstanding stock options for the executive officers.
- (2) These benefits were estimated based on a change in control date of August 15, 2007 and an estimated change in control price of \$21.03 per share.
- (3) Continued group health benefits, provided that executive officer (a) constitutes a qualified beneficiary, as defined in Section 4980B(g)(1) of the Internal Revenue Code, and (b) elects continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (referred to as COBRA), within the time period prescribed pursuant to COBRA.
- (4) Under the terms of the change of control severance agreements between Cholestech and its executive officers, if the benefits provided pursuant to the change of control severance agreement constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code that are subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, then the executive officer will receive (a) a one-time payment from Cholestech sufficient to pay such excise tax (referred to as the Excise Tax Gross-Up), and (b) an additional one-time payment from Cholestech sufficient to pay the additional excise tax and federal and state income taxes arising from the Excise Tax Gross-Up made by Cholestech to the executive officer (referred to as the Additional Gross-Up); provided, however, that Cholestech will only pay the Excise Tax Gross-Up and Additional Gross-Up if the cumulative value of such payments to the executive officer equals or exceeds \$10,000.

Cash Bonuses in Lieu of Annual Stock Grants

On April 23, 2007, the board of Cholestech approved the payment of cash bonuses to Cholestech's executive officers in lieu of making annual stock option grants. The annual stock grants were usually approved by the board of directors of Cholestech in March of each year. In March 2007, the board determined not to make such annual grants because Cholestech was in discussions with Inverness regarding a potential acquisition of Cholestech. The bonuses are payable upon the closing of the merger to such executive officers employed on the date of the closing of the merger. The specific cash

bonus amounts to be paid to Cholestech's executive officers employed upon the closing of the merger are as follows:

Name of executive	Total Payment
Warren E. Pinckert II	\$ 232,800
John F. Glenn	\$ 77,600
Gregory L. Bennett	\$ 77,600
Barbara T. McAleer	\$ 77,600
Kenneth F. Miller	\$ 77,600
Terry L. Wassmann	\$ 77,600
Donald L. Wood	\$ 77,600

Indemnification; Directors' and Officers' Insurance

Inverness has agreed that, for a period of six years following completion of the merger, the indemnification obligations set forth in Cholestech's articles of incorporation and bylaws and any Cholestech indemnification agreements will survive. To do so, Inverness will cause the articles of incorporation and bylaws of Cholestech after the merger to reflect provisions at least as favorable as the indemnification and exculpation provisions contained in Cholestech's current articles of incorporation and bylaws and, for a period of six years following completion of the merger, Inverness will not amend, repeal or otherwise modify the articles of incorporation or bylaws in any manner that would adversely affect the indemnification rights of any individual who on or prior to completion of the merger was protected under indemnification provisions in any of these Cholestech documents.

In addition, for a period of six years following the completion of the merger, Inverness will cause Cholestech's existing policy of directors' and officers' liability insurance to be maintained, subject to certain limitations. Alternatively, subject to certain limitations, prior to the completion of the merger, Cholestech is also permitted to purchase a six-year "tail" prepaid policy on its current policy of directors' and officers' liability insurance and, if Cholestech elects to do so, Inverness will maintain the policy in full force and effect.

Material United States Federal Income Tax Consequences of the Merger

The following is a summary of the material United States federal income tax consequences of the merger applicable to a holder of shares of Cholestech common stock that receives Inverness common stock in the merger. This discussion is based upon the Internal Revenue Code, Treasury Regulations, judicial authorities and published positions of the Internal Revenue Service, all as currently in effect and all of which are subject to change or differing interpretations (possibly with retroactive effect).

This discussion is not a complete description of the United States federal income tax consequences of the merger. The United States federal income tax laws are complex and the tax consequences of the merger can vary depending on each stockholder's individual circumstances or tax status. This discussion is limited to United States persons that hold their shares of Cholestech common stock as capital assets for United States federal income tax purposes (generally, assets held for investment). In addition, this discussion does not address all of the tax consequences that may be relevant to a particular holder of Cholestech common stock or to holders of Cholestech common stock that are subject to special treatment under United States federal income tax laws, such as non-United States persons, entities treated as partnerships or other flow-through entities for United States federal income tax purposes, dealers or traders in securities, financial institutions, tax-exempt organizations, insurance companies, persons who acquired their shares of Cholestech common stock pursuant to the exercise of options or similar derivative securities, through a tax-qualified retirement plan or otherwise as compensation, persons subject to the alternative minimum tax provisions of the Internal Revenue Code and persons

who acquired Cholestech common stock as part of a hedge, straddle, conversion or other risk reduction or constructive sale transaction. In addition, this summary does not address the tax consequences of the merger to holders of options or warrants to acquire Cholestech common stock. Furthermore, this discussion does not address the tax consequences of the merger under any state, local or foreign tax laws.

EACH HOLDER OF SHARES OF CHOLESTECH COMMON STOCK IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER, AS WELL AS THE EFFECTS OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS, IN LIGHT OF THE PARTICULAR CIRCUMSTANCES OF SUCH HOLDER.

Tax Opinions

In connection with the filing with the Securities and Exchange Commission of the registration statement of which this document is a part, Foley Hoag LLP, special counsel to Inverness, and Wilson Sonsini Goodrich & Rosati, Professional Corporation, special counsel to Cholestech, expect to deliver opinions to their respective clients to the effect that, based on factual representations and covenants provided to such counsel and assumptions stated in the opinions, the merger will be treated for United States federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Inverness' obligation to complete the merger is conditioned upon its receipt at closing of an additional tax opinion from Foley Hoag LLP that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; provided that if Foley Hoag LLP fails to render such opinion, the condition to Inverness' obligation to complete the merger nonetheless will be deemed satisfied if Wilson Sonsini Goodrich & Rosati, Professional Corporation, renders such opinion to Inverness. Similarly, Cholestech's obligation to complete the merger is conditioned upon its receipt at closing of an additional tax opinion from Wilson Sonsini Goodrich & Rosati, Professional Corporation, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; provided that if Wilson Sonsini Goodrich & Rosati, Professional Corporation, fails to render such opinion, the condition to Cholestech's obligation to complete the merger nonetheless will be deemed satisfied if Foley Hoag LLP renders such opinion to Cholestech.

The tax opinions will be based on assumptions stated in the opinions and the factual representations and covenants made in letters that have been (and, in the case of the tax opinions to be rendered effective as of the date of the merger, will be) provided by Inverness, Iris Merger Sub and Cholestech to Foley Hoag LLP and Wilson Sonsini Goodrich & Rosati, Professional Corporation, the accuracy of which is critical to the conclusions stated in the tax opinions. Moreover, these tax opinions are not binding on the Internal Revenue Service or any court and do not preclude the Internal Revenue Service from asserting, or a court from sustaining, a contrary conclusion regarding the United States federal income tax treatment of the merger.

The determination by tax counsel as to whether the proposed merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code will depend upon the facts and law existing at the effective time of the proposed merger. The following discussion assumes that the merger will constitute a reorganization for United States federal income tax purposes within the meaning of Section 368(a) of the Internal Revenue Code.

Material Federal Income Tax Consequences

The following material United States federal income tax consequences will result from qualification of the merger as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code:

No gain or loss will be recognized by Cholestech, Inverness or Iris Merger Sub as a result of the merger.

Holders of Cholestech common stock will not recognize any gain or loss upon the exchange of their Cholestech common stock solely for shares of Inverness common stock pursuant to the merger (except with respect to cash received in lieu of a fractional share of Inverness common stock).

Cash received in the merger by a holder of Cholestech common stock in lieu of a fractional share of Inverness common stock will be treated as if such fractional share had been issued in connection with the merger and then redeemed by Inverness for cash. A holder of Cholestech common stock will recognize capital gain or loss with respect to such cash payment, measured by the difference, if any, between the amount of cash received and the tax basis in such fractional share. This gain or loss generally will be long-term capital gain or loss if the shares of the Cholestech common stock have been owned by the holder for more than one year as of the effective date of the merger. The deductibility of capital losses is subject to limitations.

A holder of Cholestech common stock will have an aggregate tax basis in the Inverness common stock received in the merger (including any fractional share deemed received and redeemed as described above) equal to the holder's aggregate adjusted tax basis in its Cholestech shares surrendered pursuant to the merger. If a holder of Cholestech common stock acquired any of the holder's shares at different prices or at different times, Treasury Regulations provide guidance on how such holder may allocate its tax basis to shares of Inverness common stock received in the merger. Holders of Cholestech common stock that hold more than one block (that is, shares acquired at the same cost in a single transaction) of Cholestech common stock are urged to consult their tax advisors regarding the proper allocation under the Treasury Regulations of their tax basis among shares of Inverness common stock received.

The holding period of the Inverness common stock received by a holder of Cholestech common stock in connection with the merger (including any fractional share deemed received and redeemed as described above) will include the holding period of the Cholestech common stock surrendered in connection with the merger.

Significant holders of Cholestech common stock will be required to attach a statement to their tax returns for the year of the merger that contains the information listed in Treasury Regulation Section 1.368-3T(b). Such statement must include the holder's adjusted tax basis in the holder's Cholestech common stock and other information regarding the reorganization. Holders of Cholestech common stock are urged to consult their tax advisors with respect to the applicability of this and any other tax reporting requirements to their particular circumstances.

A holder of Cholestech common stock who perfects dissenter's rights and who, as a result, receives cash in respect of the holder's Cholestech common stock generally will recognize capital gain or loss equal to the difference between the amount of cash received and the adjusted tax basis of the holder's Cholestech common stock surrendered. This gain or loss generally will be long-term capital gain or loss if the shares of the Cholestech common stock have been owned by the holder for more than one year as of the effective date of the merger. The deductibility of capital losses is subject to limitations. Gain or loss will be determined separately for each block of shares that are surrendered for cash in connection with the exercise of dissenter's rights. If the cash received has the effect of the distribution of a dividend with respect to a holder, part or all of the cash received may be treated as a dividend and as ordinary income to the holder.

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A holder of Cholestech common stock may be subject, under certain circumstances, to backup withholding (at a rate of 28%) of the gain recognized with respect to any cash received in lieu of fractional shares or cash received upon the exercise of dissenter's rights, unless such holder provides proof of an applicable exemption or a correct taxpayer identification number, and otherwise complies with applicable requirements of the backup withholding rules. Any amounts withheld under the backup withholding rules are not an additional tax and may be refunded or credited against the holder's United States federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

THE PRECEDING DISCUSSION IS A SUMMARY OF THE MATERIAL FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT THERETO. CHOLESTECH STOCKHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING TAX RETURN REPORTING REQUIREMENTS, THE APPLICABILITY OF STATE, LOCAL, FOREIGN AND OTHER APPLICABLE TAX LAWS AND ANY PROPOSED TAX LAW CHANGES.

Regulatory Matters

The merger is subject to review by the Antitrust Division and the FTC under the HSR Act. Inverness and Cholestech do not believe that the merger is subject to review by any other governmental authorities under the antitrust laws of the other jurisdictions where Inverness and Cholestech conduct business. Under the HSR Act, Inverness and Cholestech are required to make pre-merger notification filings and await the expiration of statutory waiting periods before completing the merger. Inverness and Cholestech have made the requisite pre-merger notification filings with the Antitrust Division and the FTC. The completion of the merger is conditioned upon the expiration or termination of the HSR Act waiting period. It is also a condition to the obligations of Inverness to complete the merger that there shall not be instituted or pending any action or proceeding by any governmental entity, including under the HSR Act, seeking to:

restrain, prohibit or otherwise interfere with Inverness' ownership or operation of any portion of the business of Cholestech or Inverness or to compel Inverness to dispose of or hold separate any portion of the business or assets of Cholestech or Inverness;

impose or confirm limitations on Inverness' ability effectively to exercise full rights of ownership of shares of common stock of Cholestech or the Surviving Corporation; or

require Inverness to divest itself of any such shares.

Inverness and Cholestech submitted the filings required by the HSR Act on June 22, 2007 and the applicable waiting periods are expected to expire on July 23, 2007.

In addition, during or after the statutory waiting periods and clearance of the merger, and even after completion of the merger, the Antitrust Division, the FTC or any other United States or foreign governmental authority could challenge or seek to block the merger under the antitrust laws as it deems necessary or desirable in the public interest. Moreover, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger before or after it is completed. Inverness and Cholestech cannot be sure that a challenge to the merger will not be made or that, if a challenge is made, Inverness and Cholestech will prevail.

Accounting Treatment

In accordance with accounting principles generally accepted in the United States, Inverness will account for the merger using the purchase method of accounting for business combinations. Inverness will allocate the purchase price to the net tangible and intangible assets acquired based on their respective fair values at the date of the completion of the merger. Any excess of the purchase price over those fair values will be recorded as goodwill.

Listing of Inverness Common Stock

Application will be made to have the shares of Inverness common stock issued in the merger approved for listing on the American Stock Exchange, where Inverness common stock currently is traded under the symbol "IMA." It is a condition to the obligation of Cholestech to complete the merger that the shares of Inverness common stock to be issued in the merger be approved for listing on the American Stock Exchange, subject to official notice of issuance.

Delisting and Deregistration of Cholestech Common Stock after the Merger

If the merger is completed, Cholestech common stock will be delisted from the Nasdaq Global Market and deregistered under the Exchange Act, and Cholestech will no longer file periodic reports with the SEC.

Dissenters' Rights

If the principal terms of the merger are approved by the required vote of Cholestech stockholders and the merger agreement is not abandoned or terminated, Cholestech stockholders who voted against the merger may, by complying with Sections 1300 through 1312 of the California General Corporation Law, be entitled to dissenters' rights as described therein. Inverness stockholders are not entitled to dissenters' rights in connection with the issuance of Inverness common stock in the merger.

To exercise dissenters' rights, a Cholestech stockholder must comply with all of the procedures required by California law. Under California law, no dissenters' rights are available for shares listed on the Nasdaq Global Market, such as Cholestech's, unless there exists with respect to those shares any restriction on transfer imposed by Cholestech or by any law or regulation, or unless demands for payment are filed by 5% or more of the outstanding shares of that class. We have included a copy of Sections 1300 through 1312 of the California General Corporation Law as Annex D to this proxy statement/prospectus. If a Cholestech stockholder has a beneficial interest in shares of Cholestech stock that are held of record in the name of another person, such as a trustee or nominee, and such stockholder desires to perfect any dissenters' rights such beneficial stockholder may have, such beneficial stockholder must act promptly to cause the holder of record to follow the steps summarized below. **DISSENTERS' RIGHTS CANNOT BE VALIDLY EXERCISED BY PERSONS OTHER THAN STOCKHOLDERS OF RECORD REGARDLESS OF THE BENEFICIAL OWNERSHIP OF THE SHARES.**

The following discussion is not a complete statement of the California General Corporation Law relating to dissenters' rights and is qualified in its entirety by reference to Sections 1300 through 1312 of the California General Corporation Law. **ANY CHOLESTECH STOCKHOLDER WHO WISHES TO EXERCISE DISSENTERS' RIGHTS OR WHO WISHES TO PRESERVE HIS OR HER RIGHT TO DO SO SHOULD REVIEW THIS SECTION AND ANNEX D (SECTIONS 1300 THROUGH 1312 OF THE CALIFORNIA GENERAL CORPORATION LAW) CAREFULLY, SHOULD CONSULT HIS OR HER LEGAL ADVISOR (SINCE FAILURE TO TIMELY COMPLY WITH THE PROCEDURES SET FORTH THEREIN WILL RESULT IN THE LOSS OF SUCH RIGHTS) AND SHOULD VOTE "AGAINST" APPROVAL OF THE PRINCIPAL TERMS OF THE MERGER. IF YOU DECIDE TO EXERCISE YOUR DISSENTERS' RIGHTS AND HAVE**

ALREADY SUBMITTED YOUR STOCK CERTIFICATES, YOU MUST NOTIFY _____, AS THE EXCHANGE AGENT, AND YOUR STOCK CERTIFICATES WILL BE RETURNED TO YOU. IF YOU FAIL TO MAKE A PROPER ELECTION OR PERFECT THE STATUS OF YOUR DISSENTING SHARES, YOU WILL LOSE YOUR DISSENTERS' RIGHTS WITH RESPECT TO SUCH SHARES.

Shares of Cholestech stock must satisfy each of the following requirements to be perfected as dissenting shares under the California General Corporation Law:

The shares of Cholestech stock must have been outstanding on July _____, 2007, the record date.

The shares of Cholestech stock must have been voted "AGAINST" the merger proposal. A proxy that does not contain voting instructions will, unless revoked, be voted in favor of the merger proposal. Therefore, a Cholestech stockholder who votes by proxy and who wishes to exercise dissenters' rights must vote "AGAINST" the merger proposal.

The holder of such shares of Cholestech stock must make a written demand, no later than the date of the stockholders' meeting to vote on approval of the principal terms of the merger, that Cholestech purchase the shares of Cholestech stock at fair market value (as described below).

The holder of such shares of Cholestech stock must submit stock certificates for endorsement (as described below).

A VOTE IN FAVOR OF THE PRINCIPAL TERMS OF THE MERGER BY A CHOLESTECH STOCKHOLDER WILL RESULT IN A WAIVER OF SUCH HOLDER'S DISSENTERS' RIGHTS.

A vote against the principal terms of the merger does not in and of itself constitute a demand for payment under the California General Corporation Law.

Pursuant to Sections 1300 through 1312 of the California General Corporation Law, holders of dissenting shares may require Cholestech to purchase their dissenting shares at a price equal to the fair market value of such shares determined as of the day before the first announcement of the terms of the merger, excluding any appreciation or depreciation as a consequence of the proposed merger, but adjusted for any stock split, reverse stock split or stock dividend that becomes effective thereafter.

Within ten days following approval of the principal terms of the merger by the Cholestech stockholders, Cholestech is required to mail to each holder of dissenting shares a notice of the approval of the principal terms of the merger, a statement of the price determined by Cholestech to represent the fair market value of dissenting shares (which will constitute an offer by Cholestech to purchase such dissenting shares at such stated price) and a brief description of the procedure to be followed if the holders of dissenting shares desire to exercise their dissenters' rights.

By no later than the stockholders' meeting to vote on the principal terms of the merger, a dissenting stockholder must demand that Cholestech purchase such stockholder's dissenting shares in a statement setting forth the number and class of dissenting shares held of record that the dissenting stockholder demands that Cholestech purchase and a statement of what the dissenting stockholder claims to be the fair market value of the dissenting shares as of the day before the announcement of the proposed merger. The statement of fair market value in such demand by the dissenting stockholder constitutes an offer by the dissenting stockholder to sell the dissenting shares at such price. Such holder must also, within 30 days after the date on which notice of the approval of the principal terms of the merger by Cholestech stockholders is mailed to the holders of dissenting shares, submit to Cholestech or its transfer agent certificates representing any dissenting shares that the dissenting stockholder demands Cholestech purchase, so that such dissenting shares may either be stamped or endorsed with the statement that the shares are dissenting shares or exchanged for certificates of appropriate denomination so stamped or endorsed.

If the shares are owned of record by a person in a fiduciary capacity, such as a trustee, guardian or custodian, the demand should be executed in that capacity. If the shares are owned of record by more than one person as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all owners.

An authorized agent, including an agent for two or more joint owners, may execute a demand for appraisal on behalf of a stockholder; however, the agent must identify the record owner or owners and expressly disclose the fact that, in executing the demand, the agent is acting as agent for such owner or owners. A record holder such as a broker who holds shares as nominee for several beneficial owners may exercise dissenters' rights with respect to the shares held for one or more beneficial owners while not exercising these rights with respect to the shares held for one or more other beneficial owners. In this case, the written demand should set forth the number of shares subject to the demand for payment, and where no number of shares is expressly mentioned the demand will be presumed to cover all shares held in the name of the record owner. STOCKHOLDERS WHO HOLD THEIR SHARES IN BROKERAGE ACCOUNTS OR OTHER NOMINEE FORMS AND WHO WISH TO EXERCISE DISSENTERS' RIGHTS ARE URGED TO CONSULT WITH THEIR BROKERS OR NOMINEES TO DETERMINE APPROPRIATE PROCEDURES FOR THE MAKING OF A DEMAND FOR PAYMENT BY SUCH NOMINEE.

A Cholestech stockholder who elects to exercise dissenters' rights pursuant to Chapter 13 should deliver a written demand no later than the date of the stockholders' meeting to vote on the principal terms of the merger to:

CHOLESTECH CORPORATION
3347 INVESTMENT BOULEVARD
HAYWARD, CALIFORNIA 94545
ATTENTION: JOHN GLENN

If upon the surrender of the certificates representing the dissenting shares, Cholestech and a dissenting stockholder agree upon the price to be paid for the dissenting shares and agree that such shares are dissenting shares, then the agreed price is required by law to be paid to the holder of the dissenting shares within the later of 30 days after the date of such agreement or 30 days after any statutory or contractual conditions to the consummation of the merger are satisfied or waived. The holders of dissenting shares are entitled to interest thereon at the legal rate on judgments from the date of the merger agreement.

If Cholestech and a dissenting stockholder disagree as to the fair market value of such dissenting shares or disagree as to whether such shares are dissenting shares, such holder has the right to bring an action in the California superior court located in the proper county, within six months after the date on which the notice of the approval of the principal terms of the merger by Cholestech stockholders is mailed, to resolve such dispute. In such action, the court will determine whether the shares of Cholestech stock held by such stockholder are dissenting shares, the fair market value of such shares of Cholestech stock, or both. The California General Corporation Law provides, among other things, that a dissenting stockholder may not withdraw the demand for payment of the fair market value of dissenting shares unless Cholestech consents to such request for withdrawal.

If the holders of less than 5% of the outstanding shares of Cholestech stock have filed a demand for payment under Chapter 13 of the California General Corporation Law, Cholestech stockholders will not have the right to have Cholestech purchase their shares at the fair market value determined under Chapter 13 of the California General Corporation Law unless their shares are subject to a restriction on transfer imposed by Cholestech or by any law or regulation.

If a Cholestech stockholder fails to perfect his, her or its dissenting rights or effectively withdraws or loses such rights, such holder's shares of Cholestech stock will thereupon be deemed to have been canceled and converted as set forth in the merger agreement at the effective time of the merger.

FAILURE TO FOLLOW THE STEPS REQUIRED BY CHAPTER 13 OF THE CALIFORNIA GENERAL CORPORATION LAW FOR PERFECTING DISSENTERS' RIGHTS MAY RESULT IN THE LOSS OF DISSENTERS' RIGHTS, IN WHICH EVENT YOU WILL BE ENTITLED TO RECEIVE THE CONSIDERATION WITH RESPECT TO YOUR DISSENTING SHARES IN ACCORDANCE WITH THE MERGER AGREEMENT. IN VIEW OF THE COMPLEXITY OF THE PROVISIONS OF CHAPTER 13 OF THE CALIFORNIA GENERAL CORPORATION LAW, IF YOU ARE A CHOLESTECH STOCKHOLDER AND ARE CONSIDERING EXERCISING YOUR DISSENTERS' RIGHTS UNDER THE CALIFORNIA GENERAL CORPORATION LAW, YOU SHOULD CONSULT YOUR OWN LEGAL ADVISOR.

Subject to the provisions of Chapter 13 of the California General Corporation Law, Cholestech stockholders who have exercised their dissenters' rights will not have the right at law or in equity to attack the validity of the merger or to have the merger set aside or rescinded, except in an action to test whether the number of shares required to authorize or approve the merger had been legally voted in favor of the merger. In addition, if a Cholestech stockholder initiates any action to attack the validity of the merger or to have it set aside or rescinded, the stockholder thereafter shall have no right to demand payment for his or her shares as a holder of dissenting shares.

Except as expressly limited in Chapter 13 of the California General Corporation Law, holders of dissenting shares continue to have all the rights and privileges incident to their shares until the fair market value of their shares is agreed upon or determined.

Restrictions on Sales of Shares of Inverness Common Stock Received in the Merger

The shares of Inverness common stock to be issued in connection with the merger will be registered under the Securities Act of 1933 and will be freely transferable, except for shares of Inverness common stock issued to any person who is deemed to be an "affiliate" of Cholestech or Inverness before the merger. Persons who may be deemed to be "affiliates" of Cholestech or Inverness before the merger include individuals or entities that control, are controlled by, or are under common control with Cholestech or Inverness before the merger, and may include officers and directors, as well as principal stockholders, of Cholestech or Inverness before the merger.

Persons who may be deemed to be affiliates of Cholestech or Inverness before the merger may not sell any of the shares of Inverness common stock received by them in connection with the merger except pursuant to:

an effective registration statement under the Securities Act of 1933 covering the resale of those shares;

in accordance with Rule 145 under the Securities Act of 1933; or

an opinion of counsel or under a "no action" letter from the SEC, that such sale will not violate or is otherwise exempt from registration under the Securities Act of 1933.

THE MERGER AGREEMENT

The following summary describes the material provisions of the merger agreement. The provisions of the merger agreement are complicated and not easily summarized. This summary may not contain all of the information about the merger agreement that is important to you. The merger agreement is attached to this proxy statement/prospectus as Annex A and is incorporated by reference into this proxy statement/prospectus, and we encourage you to read it carefully in its entirety for a more complete understanding of the merger agreement.

The Merger

The merger agreement provides for the merger of Iris Merger Sub, Inc., a newly formed, wholly owned subsidiary of Inverness, with and into Cholestech. Cholestech will survive the merger as a wholly owned subsidiary of Inverness.

Completion and Effectiveness of the Merger

Inverness and Cholestech will complete the merger when all of the conditions to completion of the merger contained in the merger agreement, which are described in the section entitled "The Merger Agreement Conditions to Obligations to Complete the Merger" beginning on page 105 of this proxy statement/prospectus, are satisfied or waived, including approval of the principal terms of the merger by the stockholders of Cholestech. The merger will become effective upon the filing of an agreement of merger with the Secretary of State of the State of California. At the effective time of the merger:

the articles of incorporation of Iris Merger Sub will be the articles of incorporation of Cholestech, except that the name of the surviving corporation will be Cholestech Corporation;

the bylaws of Iris Merger Sub will be the bylaws of Cholestech; and

the officers and directors of Iris Merger Sub will be the officers and directors of Cholestech until their respective successors are duly elected or appointed and qualified.

Conversion of Securities

Following the completion of the merger, each share of Cholestech common stock issued and outstanding immediately prior to the effective time of the merger will be canceled and extinguished and automatically converted into the right to receive 0.43642 shares of Inverness common stock, upon surrender of the certificate representing such share of Cholestech common stock in the manner provided in the merger agreement. At the same time, Inverness will assume outstanding options to purchase Cholestech common stock. For more information regarding outstanding options, see "The Merger Agreement Treatment of Cholestech Stock Options and Assumption of Cholestech Stock Option Plans; Termination of Employee Stock Purchase Plan" beginning on page 95 of this proxy statement/prospectus.

The exchange ratio in the merger (i.e., 0.43642 shares of Inverness common stock for each share of Cholestech common stock) will be appropriately adjusted to reflect the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into Inverness common stock or Cholestech common stock), reorganization, recapitalization or other like change with respect to Inverness common stock or Cholestech common stock, in each case occurring on or after the date of the merger agreement and prior to the effective time of the merger.

Each share of Cholestech common stock held by Cholestech, Iris Merger Sub, Inverness or any direct or indirect wholly owned subsidiary of Cholestech or Inverness immediately prior to the merger will be canceled and extinguished without any conversion thereof.

Based on the exchange ratio and the number of shares of Cholestech common stock outstanding as of _____, 2007, Inverness expects to issue a total of approximately _____ million shares of Inverness common stock. In addition, based on the number of Cholestech options outstanding as of _____, 2007, Inverness expects to reserve a total of approximately _____ million shares of Inverness common stock for issuance upon the exercise of options to purchase Cholestech common stock assumed by Inverness in connection with the merger. However, as more fully described below under "The Merger Agreement Treatment of Cholestech Stock Options and Assumption of Cholestech Stock Option Plans; Termination of Employee Stock Purchase Plan," the exact number of shares of Inverness common stock to be reserved for issuance upon exercise of the assumed options will not be known until the completion of the merger.

After the merger, Inverness stockholders will continue to own their existing shares of Inverness common stock. Accordingly, Inverness stockholders will hold the same number of shares of Inverness common stock that they held immediately prior to the merger. However, because Inverness will be issuing new shares of Inverness common stock to Cholestech stockholders in the merger, each outstanding share of Inverness common stock immediately prior to the merger will represent a smaller percentage of the total number of shares of Inverness common stock outstanding after the merger. It is expected that Inverness stockholders before the merger will hold approximately _____ % of the total Inverness common stock outstanding upon completion of the merger.

Treatment of Cholestech Stock Options and Assumption of Cholestech Stock Option Plans; Termination of Employee Stock Purchase Plan

When the merger is completed, Inverness will assume each outstanding option to purchase shares of Cholestech common stock and convert it into an option to purchase that number of shares of Inverness common stock equal to the number of shares of Cholestech common stock subject to the original Cholestech option multiplied by 0.43642, rounded down to the nearest whole share. The exercise price per share for each assumed Cholestech option will be equal to the exercise price per share of the original Cholestech option divided by 0.43642, rounded up to the nearest whole cent. Each assumed option will be subject to all other terms and conditions that were applicable to the original Cholestech option. As of _____, 2007, options to purchase an aggregate of approximately _____ shares of Cholestech common stock were outstanding under Cholestech's stock option plans.

Inverness has agreed to file, no later than two business days after the merger is completed, a registration statement on Form S-8 with the SEC to register the sale of shares of Inverness common stock issuable in connection with the assumed options, and to cause the registration statement to become and remain effective for so long as any assumed options remain outstanding.

At the effective time of the merger, Inverness will assume Cholestech's 1997 Stock Incentive Program, 1999 Nonstatutory Stock Option Plan and 2000 Stock Incentive Program.

In addition, Cholestech agreed to take all actions necessary to shorten the participation periods under its 2002 Employee Stock Purchase Plan and to cause the plan to terminate before the closing of the merger. After the completion of the merger, Cholestech employees who become employees of Inverness may participate in the employee stock purchase plan sponsored by Inverness.

Treatment of Cholestech Restricted Stock

For any shares of Cholestech common stock outstanding immediately prior to the merger that are unvested or are subject to a repurchase option, risk of forfeiture or other restriction and such restriction will not lapse or terminate as a result of the merger, the shares of Inverness common stock issued upon the conversion of such shares in the merger will continue to be unvested and subject to the same repurchase options, risks of forfeiture or other conditions following the merger, and the

certificates representing such shares of Inverness common stock may accordingly be marked with appropriate legends noting such repurchase options, risks of forfeiture or other conditions.

Fractional Shares

Inverness will not issue any fractional shares of common stock in connection with the merger. Instead, each holder of Cholestech common stock who would otherwise be entitled to receive a fraction of a share of Inverness common stock will receive cash in an amount equal to the fraction multiplied by the average closing price of one share of Inverness common stock for the ten most recent trading days ending on the trading day immediately prior to the effective date of the merger, as reported on the American Stock Exchange (determined after aggregating all fractional shares of Inverness common stock to be received by the holder).

Exchange Procedures

Promptly after the effective time of the merger, _____, as the exchange agent for the merger, will establish an exchange fund to hold the merger consideration to be paid to Cholestech stockholders in connection with the merger. The exchange fund will consist of shares of Inverness common stock and cash to be issued in lieu of fractional shares of Inverness common stock and, if required pursuant to the merger agreement, any dividends or other distributions on Inverness common stock with a record date occurring after the completion of the merger.

After the completion of the merger, _____ will promptly mail to each record holder of Cholestech common stock a letter of transmittal, instructions for surrendering the record holder's stock certificates in exchange for shares of Inverness common stock, and such notification as may be required under the California General Corporation Law to be given to holders of dissenting shares. Upon proper surrender of a Cholestech stock certificate in accordance with the exchange agent's instructions, the holder of such Cholestech stock certificate will be entitled to receive a certificate representing the number of whole shares of Inverness common stock issuable to such holder pursuant to the merger, cash in lieu of any fractional share of Inverness common stock issuable to such holder, and dividends or other distributions, if any, to which such holder is entitled under the terms of the merger agreement. The surrendered certificates representing Cholestech common stock will be canceled. After the effective time of the merger, each certificate representing shares of Cholestech common stock that has not been surrendered will represent only the right to receive shares of Inverness common stock issuable pursuant to the merger and cash in lieu of any fractional share of Inverness common stock to which the holder of any such certificate is entitled. In the event of a transfer of ownership of shares of Cholestech common stock that is not registered in the transfer records of Cholestech, a certificate representing the proper number of shares of Inverness common stock may be issued to a transferee if the certificate representing such shares of Cholestech common stock is presented to the exchange agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. After the effective time of the merger, Cholestech will not register any transfers of Cholestech common stock on its stock transfer books.

Any holder or former holder of Cholestech common stock may be subject to withholding under the Internal Revenue Code or under another provision of state, local or foreign tax law. To the extent such amounts are withheld, they will be treated as having been paid to the person to whom such amounts would otherwise have been paid.

Holders of Cholestech common stock should not send in their Cholestech stock certificates until they receive a letter of transmittal from the exchange agent with instructions for the surrender of Cholestech stock certificates.

Distributions with Respect to Unexchanged Shares

After the merger is completed, holders of Cholestech common stock will be entitled to dividends and other distributions declared or made by Inverness after completion of the merger with respect to the number of whole shares of Inverness common stock that they are entitled to receive upon exchange of their Cholestech common stock. Such holders will not be entitled to receive these dividends or distributions, however, until they surrender their Cholestech common stock certificates to the exchange agent in accordance with the applicable instructions.

Lost, Stolen and Destroyed Certificates

If a Cholestech stock certificate is lost, stolen or destroyed, the holder of such certificate must deliver an affidavit of that fact prior to receiving any merger consideration and, if required by Inverness, will also have to provide an indemnity bond prior to receiving any merger consideration.

Dissenters' Rights

Any shares of Cholestech common stock held by a holder who, subject to Chapter 13 of the California General Corporation Law, has duly demanded that Cholestech purchase such holder's shares of Cholestech common stock and has not, as of the effective time of the merger, withdrawn or lost such rights, will not be converted into shares of Inverness common stock, but instead will be converted into the right to receive the consideration that is determined under California law for dissenting shares.

For a full description of the rights of Cholestech stockholders to dissent from the merger, see "The Merger Dissenters' Rights" beginning on page 90, as well as Annex D of this proxy statement/prospectus. A Cholestech stockholder's failure to comply with the procedures described in Annex D will result in the loss of dissenters' rights for such stockholder.

Representations and Warranties

The merger agreement contains general representations and warranties made by Cholestech on the one hand, and Inverness and Iris Merger Sub on the other, regarding aspects of their respective businesses, financial condition and structure, as well as other facts pertinent to the merger. These representations and warranties are subject to materiality, knowledge and other similar qualifications in many respects and expire at the effective time of the merger. The representations and warranties of each of Cholestech and Inverness have been made solely for the benefit of the other party, and those representations and warranties should not be relied on by any other person. In addition, those representations and warranties may be intended not as statements of actual fact, but rather as a way of allocating risk between the parties, may have been modified by the disclosure schedules to the merger agreement, are subject to the materiality standards described in the merger agreement, which may differ from what may be viewed as material by you, and were made only as of the date of the merger agreement or another date as is specified in the merger agreement.

Cholestech made a number of representations and warranties to Inverness in the merger agreement, including representations and warranties relating to the following matters:

corporate organization, qualifications to do business and corporate standing;

capital structure and the absence of preemptive rights;

corporate authorization to enter into and carry out the obligations contained in the merger agreement;

the vote of the stockholders required to complete the merger;

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absence of any conflict or violation of the corporate charter and bylaws of Cholestech and its subsidiaries, any applicable legal requirements, or any agreements with third parties, as a result of entering into and carrying out the obligations contained in the merger agreement;

governmental and regulatory approvals required to complete the merger;

SEC filings and the financial statements contained in those filings;

compliance with the Sarbanes-Oxley Act of 2002 and any related rules and regulations by the SEC;

absence of certain changes or events since December 29, 2006;

taxes and tax returns;

title to properties;

intellectual property;

compliance with applicable law by Cholestech and its subsidiaries;

compliance with regulatory requirements;

warranty matters and product liability;

litigation;

benefit plans, employees and employment practices;

environmental matters;

material contracts and the absence of breaches of material contracts;

entitlements to any brokerage or finders' fees or agents' commissions or any similar charges in connection with the transactions contemplated by the merger agreement;

insurance;

accuracy of the information supplied for this proxy statement/prospectus;

board of directors approval;

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receipt of a fairness opinion from Savvian Advisors, LLC;

internal accounting controls;

inapplicability of Cholestech's stockholder rights plan and any state takeover statutes; and

transactions with affiliates.

Inverness and Iris Merger Sub made a number of representations and warranties to Cholestech in the merger agreement, including representations and warranties relating to the following subject matters:

corporate organization, qualifications to do business and corporate standing;

capital structure and the absence of preemptive rights;

corporate authorization to enter into and carry out the obligations contained in the merger agreement;

absence of any conflict or violation of the corporate charter and bylaws of Inverness and Iris Merger Sub, any applicable legal requirements, or any agreements with third parties, as a result of entering into and carrying out the obligations contained in the merger agreement;

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governmental and regulatory approvals required to complete the merger;

SEC filings and the financial statements contained in those filings;

absence of certain changes or events since March 31, 2007;

intellectual property;

compliance with applicable law by Inverness and its subsidiaries;

litigation;

accuracy of the information supplied for this proxy statement/prospectus;

entitlements to any brokerage or finders' fees or agents' commissions or any similar charges in connection with the transactions contemplated by the merger agreement; and

internal accounting controls.

Cholestech's Conduct of Business Before Completion of the Merger

Under the merger agreement, Cholestech agreed, until the completion of the merger, except under certain circumstances or as consented to in writing by Inverness (which consent will not be unreasonably withheld), to conduct its business in the usual, regular and ordinary course and to use commercially reasonable efforts to preserve intact its business organization and relationships with third parties.

In addition, Cholestech agreed that, until the completion of the merger, it will not (and will not permit its subsidiaries to) without the prior written consent of Inverness (which consent will not be unreasonably withheld):

waive any stock repurchase rights, accelerate, amend or change the period of exercisability of options or repurchase of restricted stock, or reprice options granted to any employee, consultant or director or authorize cash payments in exchange for any options or take any such action with regard to any warrant or other right to acquire capital stock;

grant any severance or termination pay to any officer or employee, subject to certain limited exceptions;

transfer, license, amend or modify any of its intellectual property rights, other than in the ordinary course of business;

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock or split, combine or reclassify any capital stock;

purchase, redeem or otherwise acquire any shares of capital stock, subject to certain limited exceptions;

issue, deliver, sell, authorize, pledge or otherwise encumber any capital stock or convertible securities, apart from the issuance of common stock upon exercise of stock options or to participants in Cholestech's employee stock purchase program or the granting of stock options pursuant to Cholestech's option plans (other than to directors or officers) in the ordinary course of business consistent with past practice in connection with periodic compensation reviews, ordinary course

promotions or to new hires;

amend its articles of incorporation or bylaws;

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make any acquisitions, including by merger or consolidation, enter into any material joint venture, strategic relationship or alliance or make any material loan or investment to any person, subject to certain limited exceptions;

sell, lease, license, encumber or otherwise dispose of any material properties or assets;

incur or guarantee indebtedness for borrowed money, subject to certain exceptions including those in the ordinary course of business;

make changes in employee benefits, subject to certain limited exceptions;

make any capital expenditures in excess of \$250,000 in the aggregate;

make any material changes to, or waive any material rights under, certain material contracts;

enter into, modify, amend or cancel any material development services, licensing, distribution, purchase, sales, sales representation or other similar agreement or obligation with respect to any material intellectual property rights, subject to certain exceptions;

materially revalue any of its assets or, except as required by GAAP, make any change in tax or accounting methods, principles or practices;

discharge, settle or satisfy any disputed claim, litigation, arbitration, disputed liability or other controversy, including any liability for taxes, other than the payment in the ordinary course of business consistent with past practice, or in accordance with their terms, of liabilities previously disclosed in Cholestech's December 29, 2006 balance sheet or incurred in the ordinary course of business since the date of that balance sheet, or waive any material benefits of, or agree to modify in any material respect, any confidentiality, standstill or similar agreements;

amend or terminate the company's stockholder rights plan or redeem any rights under the plan, subject to certain limited exceptions;

take any action that is intended or would reasonably be expected to prevent or materially impede the consummation of the merger, including with respect to the stockholder rights plan or any other "poison pill" or similar plan, agreement or arrangement, any other anti-takeover measure, or any state takeover statute;

take any action that is intended or would reasonably be expected to result in any of the conditions to obligations to complete the merger not being satisfied; or

agree in writing or otherwise to take any of the foregoing actions.

Obligation of Cholestech's Board of Directors with Respect to Its Recommendation and Holding of a Stockholders' Meeting

Under the terms of the merger agreement, Cholestech agreed to take all action necessary to convene a meeting of its stockholders as promptly as practicable, and in any event (to the extent permissible under applicable law) within 45 days after the declaration of effectiveness of the registration statement that includes this proxy statement/prospectus, for the purpose of voting on approval of the principal terms of the merger. Subject to its rights discussed in the section entitled "Termination" starting on page 107, Cholestech's obligation to call, give notice of, convene and hold the stockholders' meeting is not limited or otherwise affected by the commencement, disclosure, announcement or submission of any acquisition proposal or superior offer (each as described below beginning on page 102), or by any withdrawal, amendment or

modification of the recommendation of Cholestech's board of directors with respect to the merger.

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Subject to its rights discussed in the next section, "No Solicitation of Other Offers," the Cholestech board of directors agreed to recommend the approval of the principal terms of the merger to its stockholders and that neither the board of directors nor any committee thereof will withdraw, amend or modify, or propose or resolve to withdraw, amend or modify in a manner adverse to Inverness, the recommendation of the board of directors that Cholestech's stockholders vote in favor of the approval of the principal terms of the merger.

No Solicitation of Other Offers

Under the terms of the merger agreement, subject to certain exceptions described below, Cholestech agreed that it and its subsidiaries will not, nor will they authorize or permit any of their officers, directors, affiliates, employees or any representatives retained by any of them (including any investment banker, attorney or other advisor), to, directly or indirectly:

solicit, initiate, encourage or induce the making, submission or announcement of any acquisition proposal;

participate in any discussions or negotiations regarding, or furnish to any person any nonpublic information regarding, or take any other action intended or known to assist any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any acquisition proposal;

engage in discussions with any person regarding any acquisition proposal;

approve, endorse or recommend any acquisition proposal; or

enter into any letter of intent, or other similar contract, agreement or commitment relating to any acquisition proposal.

Cholestech and its subsidiaries also agreed to immediately cease, and to cause their officers, directors, affiliates, employees, investment bankers, attorneys and other advisors and representatives to cease, any and all existing activities, discussions or negotiations with third parties regarding any acquisition proposal.

Notwithstanding the foregoing, at any time prior to obtaining the approval of the principal terms of the merger by the Cholestech stockholders, Cholestech may, in response to an unsolicited written bona fide acquisition proposal by a third party that the board of directors of Cholestech reasonably determines in good faith (after consultation with Savvian Advisors, LLC or another financial advisor of national standing) constitutes, or is likely to lead to, a "superior offer," (a) furnish nonpublic information to a person making such acquisition proposal and (b) enter into discussions with such person regarding such acquisition proposal, if all of the following conditions are met:

Neither Cholestech nor any representative of Cholestech and its subsidiaries violated the provisions in the merger agreement prohibiting solicitation of competing proposals;

Cholestech's board of directors concludes in good faith, after consultation with its outside legal counsel, that such action is required in order for the Cholestech board of directors to comply with its fiduciary obligations to the Cholestech stockholders under applicable law;

Before furnishing nonpublic information to, or entering into discussions with, the person making such acquisition proposal, Cholestech gives Inverness written notice of the identity of the person or group making such acquisition proposal and the material terms and conditions of such acquisition proposal and Cholestech must have received from the person or group a signed confidentiality agreement containing terms at least as restrictive as the confidentiality agreement between Cholestech and Inverness;

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Cholestech has given Inverness at least three business days advance notice of its intent to furnish such nonpublic information or enter into such discussions; and

Cholestech provides (to the extent not previously provided) to Inverness a copy of any nonpublic information provided to the person making the acquisition proposal.

Additionally, Cholestech is obligated to advise Inverness promptly, and in any event within 24 hours of its receipt, orally and in writing of any acquisition proposal or any request for nonpublic information or other inquiry that Cholestech reasonably believes could lead to an acquisition proposal, the material terms and conditions of any such acquisition proposal, request or inquiry and the identity of the person making any such acquisition proposal, request or inquiry. Cholestech must keep Inverness reasonably informed in all material respects of the status and details (including any change to the terms thereof) of any acquisition proposal and provide Inverness with copies of all other written materials sent or provided to Cholestech by the person making the acquisition proposal or by Cholestech to that person.

An "acquisition proposal" means any inquiry, offer or proposal relating to:

the acquisition or purchase of more than a 15% beneficial ownership interest in the total outstanding voting securities of Cholestech or any of its subsidiaries;

any tender offer or exchange offer that if consummated would result in any person or group beneficially owning 15% or more of the total outstanding voting securities of Cholestech or any of its subsidiaries;

any merger, consolidation, business combination or similar transaction involving Cholestech or any of its subsidiaries where the stockholders of Cholestech immediately preceding such transaction or, in the case of a subsidiary, Cholestech would hold less than 85% of the equity interests in the surviving or resulting entity after such transaction;

any sale, lease, exchange, transfer, license (other than in the ordinary course of business), acquisition or disposition of any assets of Cholestech or any of its subsidiaries that generate or constitute 10% or more of the net revenue, net income or assets of Cholestech and its subsidiaries, taken as a whole; or

any liquidation, dissolution, recapitalization or other reorganization of Cholestech or any of its subsidiaries.

A "superior offer" means an unsolicited, bona fide, binding written offer made by a third party to consummate a merger or consolidation where the stockholders of Cholestech immediately preceding such transaction would hold less than 50% of the equity interest in the surviving or resulting entity after such transaction or the acquisition by any person or group of ownership of 50% or more of the then outstanding shares of capital stock of Cholestech, on terms that the Cholestech board of directors reasonably determines in good faith (after consultation with Savvian Advisors, LLC or another financial advisor of national standing) to be more favorable to Cholestech stockholders than the terms of the merger. Any such offer shall not be deemed to be a superior offer unless any financing required to consummate the transaction is committed, or the board of directors of Cholestech reasonably determines in good faith (after consultation with Savvian Advisors, LLC or another financial advisor of national standing) that such financing is likely to be obtained on a timely basis, or if there is a "due diligence" condition to the third party's obligation to consummate the transaction that is the subject of the superior offer.

Notwithstanding the foregoing restrictions, the board of directors of Cholestech may withhold, withdraw, amend or modify its recommendation that the Cholestech stockholders vote in favor of the

approval of the principal terms of the merger, which we refer to as a "change of recommendation," if all of the following conditions are met:

a superior offer is made to Cholestech and not withdrawn;

Cholestech has provided written notice to Inverness that it has received such superior offer, specifying all of the terms and conditions of the superior offer and identifying the person or entity making the superior offer;

Inverness has not, within 5 business days of receipt of the notice, made an offer that Cholestech's board of directors reasonably determines in good faith (after consultation with Savvian Advisors, LLC or another financial advisor of national standing) to be at least as favorable as the superior offer;

Cholestech's board of directors reasonably determines in good faith, after consultation with its outside counsel, that, in light of such superior offer, the change of recommendation is required in order for the board of directors of Cholestech to comply with its fiduciary obligations to Cholestech's stockholders under applicable law; and

Cholestech has not violated any provisions in the merger agreement relating to the solicitation of competing proposals or the obtaining of the approval of Cholestech's stockholders.

Unless the merger agreement is terminated, no acquisition proposal or change of recommendation will limit Cholestech's obligation to convene the stockholders' meeting in connection with the merger that is the subject of this proxy statement/prospectus.

Commercially Reasonable Efforts

Each of Inverness and Cholestech agreed to use commercially reasonable efforts to take all actions and to assist and cooperate with the other party in doing all things necessary, proper or advisable to complete the merger and the transactions contemplated by the merger agreement as promptly as practicable, including:

causing the conditions to the completion of the merger to be satisfied;

obtaining all necessary actions or nonactions, waivers, consents, approvals, orders and authorizations from governmental entities, making all necessary registrations, declarations and filings, and taking all steps that may be necessary to avoid any suit, claim, action, investigation or proceeding by any governmental entity;

obtaining all necessary consents from third parties;

defending any lawsuits or other legal proceedings, whether judicial or administrative, challenging the merger agreement or the consummation of the merger; and

executing and delivering any additional instruments necessary to consummate the transactions contemplated by the merger agreement.

Nonetheless, neither Inverness nor any of its affiliates is under any obligation to make proposals, execute or carry out agreements or submit to orders providing for the sale or other disposition or holding separate of any assets or categories of assets of Inverness or any of its affiliates or Cholestech or any of its subsidiaries or the holding separate of the shares of Cholestech common stock or imposing or seeking to impose any limitation on the ability of Inverness or any of its subsidiaries or affiliates to conduct their business or own the assets or to acquire, hold or exercise full rights of ownership of the shares of Cholestech common stock.

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In addition, each of Inverness and Cholestech agreed to give prompt notice to the other of any notice or other communication from any person alleging that the consent of such person is or may be

required, any notice or other communication from any governmental entity in connection with the merger, or any litigation relating to, involving or otherwise affecting Cholestech or Inverness or their subsidiaries that relates to the merger.

Director and Officer Indemnification and Insurance

Under the terms of the merger agreement, Inverness agreed to honor all obligations of Cholestech contained in the articles of incorporation or bylaws of Cholestech or any of its subsidiaries or in any indemnification agreement in effect on the date of the merger agreement between Cholestech or its subsidiaries and any of its current or former directors or officers. Also, for six years after completion of the merger, the articles of incorporation and bylaws of the surviving entity after the merger will contain provisions with respect to indemnification and exculpation that are at least as favorable as the indemnification and exculpation provisions contained in the articles of incorporation or bylaws of Cholestech in effect on the date of the merger agreement, and these provisions will not be amended, repealed or otherwise modified in a manner that would adversely affect the rights of the indemnified parties, except as required by law.

For six years after completion of the merger, Inverness has also agreed to maintain Cholestech's existing policy of directors' and officers' liability insurance in respect of acts or omissions occurring at or prior to the effective time of the merger on terms comparable to those in effect on the date of the merger agreement. However, Inverness will not be required to pay annual premiums in excess of 250% of Cholestech's current annual premium. If the annual premiums for such insurance coverage exceed that amount, Inverness must obtain a policy with the greatest coverage available for a cost not exceeding 250% of Cholestech's current annual premium. To the extent that a six-year "tail" policy to extend Cholestech's existing policy is available prior to the completion of the merger, Cholestech may purchase such "tail" policy and such "tail" policy will satisfy Inverness' obligation to maintain directors' and officers' liability insurance.

Employee Benefits; 401(k) Plan

Inverness has agreed that, following completion of the merger, it will either (a) permit employees of Cholestech and each of its subsidiaries who become employees of Inverness to participate in the employee benefit plans, programs or policies of Inverness on terms no less favorable than those provided to similarly situated employees of Inverness, (b) continue Cholestech's employee benefit plans, programs or policies, other than the 401(k) plans, that are comparable to Inverness' benefit plans, programs or policies, or (c) a combination of (a) and (b). Any employee of Cholestech who becomes a participant in any employee benefit plan of Inverness will be given credit for purposes of eligibility to participate and vesting (but not for purposes of benefit accrual) under such plan for years of service with Cholestech (or any of its subsidiaries). Inverness has also agreed to use commercially reasonable efforts to cause any and all pre-existing condition limitations, eligibility waiting periods and evidence of insurability requirements under any of Inverness' group health plans in which such employees and their eligible dependents will participate to be waived and to provide for credit for any co-payments and deductibles prior to the completion of the merger for purposes of satisfying any applicable deductible, out-of-pocket or similar requirements under any such plans that may apply after completion of the merger.

Unless Inverness provides written notice to Cholestech to do otherwise, Cholestech has agreed to terminate any 401(k) plans prior to the completion of the merger. Cholestech also agreed to take all actions necessary to shorten the participation periods under its 2002 Employee Stock Purchase Plan and to cause such plan to terminate prior to the closing of the merger. After the completion of the merger, Cholestech employees who become employees of Inverness may participate in the employee stock purchase plan sponsored by Inverness.

Conditions to Obligations to Complete the Merger

The respective obligations of Inverness and Iris Merger Sub, on the one hand, and Cholestech, on the other, to complete the merger are subject to the satisfaction or waiver of each of the following conditions:

the principal terms of the merger must be approved by the holders of a majority of the outstanding shares of Cholestech common stock;

the registration statement of which this proxy statement/prospectus is a part must be declared effective by the SEC, no stop order suspending the effectiveness of such registration statement is in effect, and no proceeding initiated for that purpose is pending or threatened in writing;

no governmental entity has enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order, including under the HSR Act, which is in effect and which has the effect of making the merger illegal or otherwise prohibiting the completion of the merger, and all waiting periods applicable to the merger under the HSR Act have terminated or expired;

the representations and warranties of the other party must have been true and correct as of the date of the merger agreement and must be true and correct (without giving any effect to any qualification or exception as to materiality or material adverse effect) as of the effective date of the merger as if made at and as of that time, except:

where any failures of such representations and warranties to be true and correct do not constitute, individually or in the aggregate, a material adverse effect on the other party, as described below; however, this exception generally does not apply to the representations and warranties of Cholestech regarding the following, which representations and warranties must be true and correct in all material respects:

outstanding capitalization, including options;

authorization to enter into and carry out the obligations contained in the merger agreement;

board of directors approval;

receipt of a fairness opinion from Savvian Advisors, LLC; and

the inapplicability of Cholestech's stockholder rights plan or any state takeover statutes;

to the extent the representations and warranties of the other party address matters only as of a particular date, they must be true and correct only as of that date;

the other party must have performed or complied in all material respects with all of its agreements and covenants required by the merger agreement to be performed or complied with before completion of the merger;

no material adverse effect, as described below, with respect to the other party will have occurred since June 4, 2007 and be continuing;

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such party must have received an officer's certificate from the other party regarding the satisfaction of certain conditions to the completion of the merger; and

such party must have received an opinion from Foley Hoag LLP and/or Wilson Sonsini Goodrich & Rosati, P.C., dated as of the effective date of the merger, to the effect that the merger will constitute a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code and that each of Inverness and Cholestech will be a party to the reorganization within the meaning of Section 368(a).

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The obligation of Cholestech to complete the merger is also subject to the condition that the shares of Inverness common stock to be issued in the merger must be approved for listing on the American Stock Exchange, subject to official notice of issuance.

The obligations of Inverness and Iris Merger Sub to complete the merger are also subject to the condition that there shall not be instituted or pending any action or proceeding by any governmental entity, including under the HSR Act, (a) seeking to restrain, prohibit or otherwise interfere with the ownership or operation by Inverness or any of its subsidiaries of all or any portion of the business of Cholestech or any of its subsidiaries or of Inverness or any of its subsidiaries or to compel Inverness or any of its subsidiaries to dispose of or hold separate all or any portion of the business or assets of Cholestech or any of its subsidiaries or of Inverness or any of its subsidiaries; (b) seeking to impose or confirm limitations on the ability of Inverness or any of its subsidiaries effectively to exercise full rights of ownership of the shares of Cholestech common stock; or (c) seeking to require divestiture by Inverness or any of its subsidiaries of any such shares.

Definition of Material Adverse Effect

Under the terms of the merger agreement, a material adverse effect on either Inverness or Cholestech means any change, event, circumstance or effect that is or is reasonably likely to be materially adverse to the business, assets, capitalization, financial condition, operations or results of operations of such party taken as a whole with its subsidiaries except to the extent that such change, event, circumstance or effect proximately results from:

changes in general economic or political conditions or changes generally affecting the industry in which such entity operates (provided that such changes do not affect such entity in a disproportionate manner);

changes, effects or events resulting from the announcement or pendency of the merger or from the taking of any action required by the merger agreement;

any change in the price at which the shares of a party are traded, in and of itself;

failure of a party to meet any particular revenue or earnings forecast or estimate for any period since the signing of the merger agreement, in and of itself;

in the case of Cholestech only, any act or failure to act by Inverness, including the effects of any agreement to which Inverness is a party or by which it is bound;

any natural disaster or any acts of terrorism, sabotage, military action or war (whether or not declared) or any escalation or worsening thereof (provided that such changes do not affect such entity in a disproportionate manner);

in the case of Cholestech only, any litigation arising from allegations of a breach of fiduciary duty or misrepresentation in any disclosure, in each case relating to the merger agreement;

compliance by a party with the express terms of the merger agreement or the failure by such entity or any of its subsidiaries to take any action that is prohibited by the merger agreement; or

any changes in legal requirements or GAAP (or any generally accepted interpretations of GAAP) applicable to such entity.

Termination

The merger agreement may be terminated in accordance with its terms at any time prior to completion of the merger, whether before or after the requisite approvals of the stockholders of Inverness and Cholestech:

by mutual written consent duly authorized by the Inverness and Cholestech boards of directors;

by either Inverness or Cholestech:

if the merger is not consummated by December 3, 2007 for any reason, but neither Inverness nor Cholestech may terminate the merger agreement on this basis if that party has breached its obligations under the merger agreement and such breach has been a principal cause of, or resulted in, the failure of the merger to be consummated on or before that date;

if a governmental entity in the United States or any foreign jurisdiction has issued an order, decree or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the merger and the order, decree, ruling or other action is final and nonappealable;

if the Cholestech stockholders do not approve the principal terms of the merger at a stockholders' meeting duly convened therefor or at any adjournment thereof, but Cholestech may not terminate the merger agreement on this basis where the failure to obtain stockholder approval was caused by the action or failure to act of Cholestech, and such action or failure to act constitutes a material breach of the merger agreement, or by a breach by any director or executive officer of Cholestech of his or her voting agreement;

by Inverness (at any time prior to approval of the principal terms of the merger by the Cholestech stockholders) if any of the following events, which we call "Triggering Events," occurs:

Cholestech's board of directors or any committee thereof withholds or withdraws or modifies in a manner adverse to Inverness its recommendation in favor of the approval of the principal terms of the merger;

Cholestech failed to include in this proxy statement/prospectus the recommendation of Cholestech's board of directors in favor of the approval of the principal terms of the merger;

at any time following the public announcement of an acquisition proposal, Cholestech's board of directors fails publicly to reaffirm its recommendation of the approval of the principal terms of the merger within 10 business days after Inverness requests in writing that such recommendation be reaffirmed;

Cholestech's board of directors or any committee thereof approved or publicly recommended any acquisition proposal;

Cholestech entered into any letter of intent or similar document or any agreement, contract or commitment accepting any acquisition proposal;

Cholestech breached any of the provisions in the merger agreement relating to the solicitation of competing offers or the obtaining of the approval of Cholestech's stockholders (other than in an immaterial manner); or

a tender or exchange offer relating to securities of Cholestech is commenced by a person unaffiliated with Inverness, and Cholestech did not send to its security holders, within 10 business days after such tender or exchange offer is first published, sent or given, a statement disclosing that Cholestech recommends rejection of such tender or exchange offer;

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by Cholestech (at any time prior to approval of the principal terms of the merger by the Cholestech stockholders), upon a change of recommendation in connection with a superior offer, but only if contemporaneously with the termination of the merger agreement, Cholestech pays Inverness the termination fee discussed below and Cholestech enters into a definitive agreement to effect such superior offer;

by Cholestech, upon a breach of any covenant or agreement on the part of Inverness set forth in the merger agreement, or if there is any continuing inaccuracy in the representations and warranties of Inverness set forth in the merger agreement, in either case, such that the conditions to Cholestech's obligation to effect the merger would fail to be satisfied at the time of such termination and such inaccuracy or breach is not cured by Inverness within 30 days after delivery of written notice to Inverness; or

by Inverness, upon a breach of any covenant or agreement on the part of Cholestech set forth in the merger agreement, or if there is any continuing inaccuracy in the representations and warranties of Cholestech set forth in the merger agreement, in either case, such that the conditions to Inverness' obligation to effect the merger would fail to be satisfied at the time of such termination and such inaccuracy or breach is not cured by Cholestech within 30 days after delivery of written notice to Cholestech.

Termination Fee

Under the terms of the merger agreement, Cholestech must pay Inverness a termination fee of \$9 million in the event that:

a Triggering Event has occurred and the merger agreement is later properly terminated by either party because the merger is not consummated by December 3, 2007 or because the Cholestech stockholders do not approve the principal terms of the merger;

the following three events have occurred:

no Triggering Event has occurred and the merger agreement is properly terminated by either party because the merger is not consummated by December 3, 2007 or because the Cholestech stockholders do not approve the principal terms of the merger;

prior to the termination of the merger agreement, a person has publicly announced an acquisition proposal; and

within 12 months after termination of the merger agreement, Cholestech enters into a binding agreement to consummate, or consummates, a "company acquisition," as defined below;

the merger agreement is terminated by Inverness because any Triggering Event has occurred; or

the merger agreement is terminated by Cholestech upon a change of recommendation in connection with a superior offer.

A "company acquisition" means:

a merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving Cholestech or any of its subsidiaries where the stockholders of Cholestech immediately preceding such transaction hold or, in the case of a subsidiary, Cholestech holds, less than 50% of the aggregate equity interests in the surviving, resulting or parent entity of such transaction;

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a sale or other disposition by Cholestech or any of its subsidiaries of assets representing in excess of 50% of the aggregate fair market value of Cholestech's consolidated business immediately prior to such sale; or

the acquisition by any person or group (including by way of a tender offer or an exchange offer or issuance by Cholestech or any of its subsidiaries), directly or indirectly, of beneficial ownership or a right to acquire beneficial ownership of shares representing in excess of 50% of the voting power of the then outstanding shares of capital stock of Cholestech or any of its subsidiaries.

Miscellaneous

Amendment and Waiver

The merger agreement may be amended at any time by a writing signed on behalf of Inverness and Cholestech.

At any time prior to the effective date of the merger, to the extent legally allowed, any party may extend the time for performance, waive any inaccuracies in the representations and warranties or waive compliance with any of the agreements or conditions of the parties, provided that such extension or waiver is set forth in a writing signed on behalf of such party.

Expenses Generally

All fees and expenses incurred in connection with the merger will be paid by the party incurring the fees or expenses, whether or not the merger is completed, but Inverness and Cholestech will share equally all fees and expenses, other than attorneys' and accountants' fees and expenses, incurred in relation to the printing and filing with the SEC of this proxy statement/prospectus and the registration statement and the applicable filing fees associated with any antitrust filings.

THE VOTING AGREEMENTS

Concurrently with the execution and delivery of the merger agreement, on June 4, 2007, Inverness entered into voting agreements with each director and certain executive officers of Cholestech. Approximately _____ shares, or _____ % of the Cholestech common stock outstanding as of the record date, which are referred to in this description as the covered shares, are subject to such voting agreements.

The following is a summary description of the voting agreement, which is attached as Annex B to this proxy statement/prospectus and is hereby incorporated by reference into this proxy statement/prospectus.

Agreement to Vote and Irrevocable Proxy

Each of Cholestech's directors and certain executive officers granted to Inverness an irrevocable proxy and irrevocably appointed the members of the board of directors of Inverness as his or her agents, attorneys-in-fact and proxies, with full power of substitution and resubstitution, to vote the covered shares at every annual, special or adjourned meeting of Cholestech stockholders, and in every written consent in lieu of any such meeting, or otherwise, as follows:

in favor of the approval of the principal terms of the merger; and

against any acquisition proposal or superior offer (each as defined in the merger agreement).

Each director and certain executive officers further agreed not to enter into any agreement or understanding with any person or entity the effect of which would be inconsistent with or violative of any provision under the voting agreement.

Notwithstanding the foregoing, each director and certain executive officers remain free to vote the covered shares with respect to any matter not covered by the foregoing in any manner he or she deems appropriate. Further, each voting agreement provides that it should not be construed to limit or restrict a director from acting in his or her capacity as a member of the board of directors of Cholestech.

Transfer Restrictions

In addition, each director and certain executive officers agreed to restrictions on the transfer of the covered shares. For the period beginning on June 4, 2007 and continuing until the earlier of the effective time of the merger or the termination of the voting agreement in accordance with its terms, each director and certain executive officers may not transfer, or enter into any agreement with respect to a transfer of, any of the covered shares or any interest therein. In addition, each director and certain executive officers agreed not to do the following:

permit any covered shares to become subject to any pledge or encumbrance;

grant any proxy or power of attorney; or

enter into any voting agreement, voting trust or other voting arrangement with respect to any of the covered shares.

Notwithstanding the foregoing, each director and certain executive officers may transfer any covered shares as a bona fide gift or gifts, so long as the other party to such transfer or other arrangement executes a copy of the voting agreement with Inverness and an irrevocable proxy, in each case with respect to any and all covered shares transferred.

Termination

The voting agreement terminates upon the earlier of the effective time of the merger or the termination of the merger agreement pursuant to its terms.

SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

Overview

The following tables show selected unaudited pro forma condensed combined financial data as if Inverness and Cholestech had been a combined company for the year ended December 31, 2006 and the three months ended March 31, 2007 and as of March 31, 2007. The following tables also show selected unaudited pro forma condensed combined financial data for the other transactions described in more detail below.

The unaudited pro forma condensed combined financial statements reflect Inverness' acquisition of Biosite. On June 29, 2007, Inverness completed its acquisition of Biosite for a preliminary aggregate purchase price of \$1.79 billion, including \$1.76 billion of cash share acquisition costs and related transaction expenses and \$25.9 million of fair value associated with the outstanding fully vested Biosite employee stock options which were converted to options to acquire Inverness common stock as part of the transaction.

The unaudited pro forma condensed combined financial statements also reflect Inverness' previous acquisitions of Instant Technologies, Inc., referred to as Instant, and of the Innovacon business, including the ABON facility, referred to as Innovacon or the Innovacon business. The unaudited pro forma condensed combined financial statements also reflect Inverness' previous transfer of its consumer diagnostic products assets to a 50/50 joint venture with The Procter & Gamble Company, referred to as P&G, the elimination of the historical results of operations of Inverness' consumer diagnostic products business, and the impact of Inverness' new manufacturing agreement with the joint venture on its historical results of operations.

All acquisitions are reflected using the purchase method of accounting and the estimates, assumptions and adjustments described below and in the notes to the unaudited pro forma condensed combined financial statements. Actual operating results of the previous acquisitions are included in Inverness' historical financial results only from the respective dates of the several acquisitions.

The unaudited pro forma condensed combined financial statements are based on the historical consolidated financial statements and the notes thereto of Inverness. For purposes of preparing the unaudited pro forma condensed combined financial statements, the historical financial information for both Inverness and Cholestech is based on the year ended December 31, 2006 and the three months ended March 31, 2007. These periods differ from the fiscal periods that Cholestech uses for financial reporting purposes, and accordingly the following historical financial information for Cholestech does not match Cholestech's historical financial statements filed with the SEC and is unaudited.

The historical Cholestech and Biosite financial information included in the accompanying unaudited pro forma condensed combined statements of operations for the year ended December 31, 2006 and the three months ended March 31, 2007 are the pre-acquisition results of Cholestech and Biosite. The accompanying unaudited pro forma condensed combined financial statements are based on the historical consolidated financial statements and the notes thereto of Biosite and reflect the related financing activities noted below. The historical Instant financial information included in the accompanying unaudited pro forma condensed combined statements of operations for the year ended December 31, 2006 and the three months ended March 31, 2007 includes results of operations for the pre-acquisition period ended March 12, 2007, which represent the historical pre-acquisition results of Instant. The historical Innovacon financial information included in the accompanying unaudited pro forma condensed combined statements of operations for the year ended December 31, 2006 includes results of operations for the pre-acquisition period ended March 31, 2006, which represent the historical pre-acquisition results of Innovacon.

The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2006 and the three months ended March 31, 2007 assume that the pending acquisition of

Cholestech, the acquisitions of Biosite, Instant and Innovacon and the consummation of the 50/50 joint venture with P&G occurred on January 1, 2006. The unaudited pro forma condensed combined balance sheet assumes that the pending acquisition of Cholestech, the acquisition of Biosite and the related financing transactions, and the consummation of the 50/50 joint venture with P&G occurred on March 31, 2007. The historical Inverness balance sheet as of March 31, 2007 reflects Instant and Innovacon.

The unaudited pro forma condensed combined financial statements are presented for illustrative purposes only and do not purport to be indicative of the results of operations or financial position for future periods or the results that actually would have been realized had the merger or the other transactions described above been consummated as of January 1, 2006 or March 31, 2007. The pro forma adjustments are based upon available information and certain estimates and assumptions as described in the notes to the unaudited pro forma condensed combined financial statements that management of Inverness believes are reasonable in the circumstances.

The unaudited pro forma condensed combined financial statements and accompanying notes should be read in conjunction with the historical consolidated financial statements and notes thereto of Inverness included in its Annual Report on Form 10-K for the year ended December 31, 2006, as amended, its Quarterly Report on Form 10-Q for the three months ended March 31, 2007 and in previously filed Forms 8-K, as well as the historical financial statements and notes thereto of Cholestech included in its Annual Report on Form 10-K for the year ended March 31, 2007. See "Where You Can Find More Information" beginning on page 145 of this proxy statement/prospectus.

The following is a more complete explanation of the transactions reflected in the unaudited pro forma condensed combined financial statements.

Acquisition of Biosite

On June 29, 2007, Inverness completed its acquisition of Biosite for a preliminary aggregate purchase price of \$1.79 billion, including \$1.76 billion of cash share acquisition costs and related transaction expenses and \$25.9 million of fair value associated with the outstanding fully vested Biosite employee stock options which were converted to options to acquire Inverness common stock as part of the transaction.

To finance the acquisition, Inverness entered into a secured First Lien Credit Agreement with certain lenders, General Electric Capital Corporation as administrative agent and collateral agent, and certain other agents and arrangers, a secured Second Lien Credit Agreement with certain lenders, General Electric Capital Corporation as administrative agent and collateral agent, and certain other agents and arrangers, and certain related guaranty and security agreements. The First Lien Credit Agreement provides for term loans in the aggregate amount of \$900.0 million and, subject to Inverness' continued compliance with the First Lien Credit Agreement, a \$150.0 million revolving line of credit. The Second Lien Credit Agreement provides for term loans in the aggregate amount of \$250.0 million. To finance the acquisition, Inverness drew the full amount of the term loans under the two Credit Agreements and approximately \$73.1 million under the revolver.

A portion of the acquisition was also financed from the proceeds of Inverness' May 2007 sale of \$150 million principal amount of convertible senior subordinated notes in a private placement to qualified institutional buyers. The convertible senior subordinated notes pay interest semi-annually at a rate of 3.00% per annum and are convertible into Inverness common stock at a conversion price of approximately \$52.30 per share, representing a 30% conversion premium based on the closing price of \$40.23 per share on May 9, 2007. At the initial conversion price, the convertible senior subordinated notes are convertible into an aggregate of 2,868,120 shares of Inverness common stock. The conversion price is subject to adjustment one year from the date of sale if the 30 day volume-weighted average trading price of Inverness common stock as of such date is lower than \$40.23, subject to a floor of

\$40.23, or from time to time in the event of stock splits, stock dividends, recapitalizations and other similar events.

Simultaneously with Inverness' entry into the Credit Agreements, Inverness terminated its existing third amended and restated credit agreement dated June 30, 2005, referred to as the Existing Credit Agreement. Inverness had no outstanding loans under the Existing Credit Agreement at the time it was terminated, but had unamortized deferred financing costs totalling \$2.3 million which were written off as part of the termination.

In addition, on June 26, 2007, Inverness also fully repaid its 8.75% senior subordinated notes. The total amount repaid, including principal of \$150.0 million and a prepayment premium of \$9.3 million, was \$159.3 million. Accrued interest of \$4.8 million was also paid as part of the final settlement of these senior subordinated notes and unamortized deferred financing costs of \$3.5 million were written off as a result of the repayment.

Joint Venture with P&G

On May 17, 2007, Inverness completed its previously announced transaction to form a 50/50 joint venture with P&G for the development, manufacturing, marketing and sale of existing and to-be-developed consumer diagnostic products, outside the cardiology, diabetes and oral care fields. At the closing, Inverness and P&G entered into material definitive agreements, pursuant to which Inverness transferred its consumer diagnostic net assets, other than its manufacturing and core intellectual property assets, to the joint venture, and P&G acquired its interest in the joint venture for a cash payment to Inverness of approximately \$325.0 million.

As part of the consummation of the joint venture, Inverness entered into a stockholder agreement with P&G, setting forth each party's rights and obligations with respect to the joint venture. Inverness also entered into an option agreement with P&G, pursuant to which P&G has the right, after four years, to require Inverness to acquire all of P&G's interest in the joint venture at fair market value, and P&G has the right, upon certain material breaches by Inverness of its obligations to the joint venture, to acquire all of Inverness' interest in the joint venture at fair market value. Furthermore, Inverness also entered into a manufacturing agreement with P&G, whereby Inverness will manufacture consumer diagnostic products and sell these products to the joint venture entity.

Upon completion of the transaction to form the joint venture, Inverness ceased to consolidate the operating results of its consumer diagnostic products business and began to account for its 50% interest in the results of the joint venture under the equity method of accounting. In its capacity as the manufacturer of products for the joint venture, Inverness supplies products to the joint venture and records revenue on those sales. No gain on the proceeds that Inverness received from P&G through the formation of the joint venture will be recognized in Inverness' financial statements until P&G's option to require Inverness to purchase its interest in the joint venture expires. As a result, all income tax effects as a result of this transaction have also been deferred.

Acquisition of Instant

On March 12, 2007, Inverness acquired 75% of the issued and outstanding capital stock of Instant Technologies, Inc., a privately-owned Virginia corporation located in Norfolk, Virginia, for a preliminary aggregate purchase price of \$43.8 million, consisting of approximately \$30.7 million in cash, including approximately \$0.1 million of direct acquisition costs, plus 313,888 shares of Inverness common stock with a fair value of approximately \$13.1 million.

Acquisition of the Innovacon Business, including the ABON Facility

On March 31, 2006, Inverness acquired the assets of ACON Laboratories' business of researching, developing, manufacturing, marketing and selling lateral flow immunoassay and directly-related products in the United States, Canada, Europe (excluding Russia, the former Soviet Republics that are not part of the European Union and Turkey), Israel, Australia, Japan and New Zealand, referred to as the Innovacon business. The preliminary aggregate purchase price was approximately \$93.9 million, which consisted of \$55.1 million in cash, 711,676 shares of Inverness common stock with an aggregate fair value of \$19.7 million, \$9.1 million in estimated direct acquisition costs and an additional liability of \$10.0 million payable to the sellers on the deferred payment date, pursuant to the purchase agreement.

On May 15, 2006, as part of the Innovacon business, Inverness acquired a newly-constructed manufacturing facility in Hangzhou, China pursuant to the terms of its acquisition agreement with ACON Laboratories and its affiliates. In connection with the acquisition of the new facility, Inverness acquired ABON BioPharm (Hangzhou) Co., Ltd, referred to as ABON, the direct owner of the new factory and now a subsidiary of Inverness. The preliminary aggregate purchase price was approximately \$20.8 million, which consisted of \$8.8 million in cash and 417,446 shares of Inverness common stock with an aggregate fair value of \$12.0 million. In addition, pursuant to the acquisition agreement, Inverness made an additional payment of \$4.1 million in cash as a result of the amount of cash acquired, net of indebtedness assumed, which increased the preliminary aggregate purchase price to \$24.9 million. Subsequently, between August and November 2006, Inverness made cash payments totaling \$44.0 million and issued 742,128 shares of Inverness common stock with an aggregate fair value of \$21.3 million as various milestones were achieved. This brings the aggregate purchase price for the Innovacon business, including the ABON facility, to a total of \$184.1 million.

The Innovacon business and ABON facility financial information included in the accompanying unaudited pro forma condensed combined statement of operations for the year ended December 31, 2006 includes results of operations for the pre-acquisition period ended March 31, 2006, which represent the historical pre-acquisition results of these entities.

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Inverness Medical Innovations, Inc. and Subsidiaries
Unaudited Pro Forma Condensed Combined Statements of Operations
For the twelve months ended December 31, 2006
(in thousands, except per share amounts)

Pro forma Adjustments

	Completed Transactions								Pending Transaction									
	Innovaco Inverness Historical		Innovacon Adjustments Historical		Instant Adjustments Historical		Disposition of of CD Joint Business Venture		Biosite Historical Adjustments		Pro Forma Combined Cholestec Historical Adjustments		Pro Forma Combined Cholestec Historical Adjustments					
Net product sales	\$ 552,130	\$ 13,447	\$	\$ 23,595	\$ (12,782)	E	(\$ 177,219)	J	94,803	L	\$ 303,261	\$	\$ 797,235	\$ 69,070	\$	\$ 866,305		
Research and license revenues	17,324								5,331				22,655			22,655		
Net revenues	569,454	13,447		23,595	(12,782)		(177,219)	94,803	308,592				819,890	69,070		888,960		
Cost of sales	340,231	4,786	1,634	12,092	(12,782)	E	(90,289)	J	90,289	L	94,228	6,000	O	453,812	23,459	1,600	T	480,886
			1,037	B								6,586	P			2,015	U	
Gross profit	229,223	8,661	(2,671)	11,503			(86,930)	4,514	214,364	(12,586)			366,078	45,611	(3,615)	408,074		
Operating expenses:																		
Research and development	53,666	322					(5,171)	J	53,043				101,860	6,276		108,136		
Sales and marketing	94,445	2,897	770	B	5,301	1,985	F	(36,654)	J	69,952	30,402	O	169,098	14,597	2,444	T	186,139	
General and administrative	71,243	625	(1,026)	C	1,325		(14,696)	J	30,288	45,221	P	132,980	12,876			145,856		
Loss on dispositions	3,498												3,498					