

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarter ended June 30, 2001.

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____.

Commission File Number 1-10492

ORASURE TECHNOLOGIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE 36-4370966
(State or Other Jurisdiction of (IRS Employer Identification No.)
Incorporation or Organization)

150 Webster Street, Bethlehem, Pennsylvania 18015
(Address of Principal Executive Offices) (Zip code)

(610) 882-1820
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Number of shares of Common Stock, par value \$.000001 per share, outstanding as of August 7, 2001: 37,077,378

PART I. FINANCIAL INFORMATION

Table with 2 columns: Item Description and Page No.
ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)..... 3
Balance Sheets at June 30, 2001 and December 31, 2000..... 3
Statements of Operations for the six months ended June 30, 2001 and 2000..... 4
Statements of Stockholders' Equity for the six months ended June 30, 2001..... 5
Statements of Cash Flows for the six months ended June 30, 2001 and 2000..... 6
Notes to Financial Statements..... 7
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS..... 10
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK... 19

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS..... 20
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K..... 20

ITEM 1. FINANCIAL STATEMENTS

ORASURE TECHNOLOGIES, INC.
BALANCE SHEETS
(UNAUDITED)

	JUNE 30, 2001	DECEMBER 31, 2000
	-----	-----
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,773,907	\$ 5,095,639
Short-term investments	13,458,045	14,956,779
Accounts receivable, net of allowance for doubtful accounts of \$107,138 and \$114,685	6,757,760	5,276,772
Notes receivable from officer	75,000	175,649
Inventories	2,169,422	1,495,604
Prepaid expenses and other	1,044,856	1,189,210
	-----	-----
Total current assets	27,278,990	28,189,653
	-----	-----
PROPERTY AND EQUIPMENT, net	7,349,043	6,738,034
PATENTS AND PRODUCT RIGHTS, net	2,222,459	2,402,386
OTHER ASSETS	360,133	406,099
	-----	-----
	\$ 37,210,625	\$ 37,736,172
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 1,146,921	\$ 1,125,138
Accounts payable	2,459,158	1,522,295
Accrued expenses	2,995,664	4,047,231
	-----	-----
Total current liabilities	6,601,743	6,694,664
	-----	-----
LONG-TERM DEBT	4,068,927	4,644,098
	-----	-----
OTHER LIABILITIES	173,798	225,334
	-----	-----
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$.000001, 25,000,000 shares authorized, none issued	--	--
Common stock, par value \$.000001, 120,000,000 shares authorized, 36,928,466 and 36,434,004 shares issued and outstanding	37	36
Additional paid-in capital	150,602,078	148,767,789
Accumulated other comprehensive loss	(430,520)	(231,247)
Accumulated deficit	(123,805,438)	(122,364,502)
	-----	-----
Total stockholders' equity	26,366,157	26,172,076
	-----	-----
	\$ 37,210,625	\$ 37,736,172
	=====	=====

The accompanying notes are an integral part of these statements.

ORASURE TECHNOLOGIES, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
REVENUES:				
Product	\$ 8,080,266	\$ 7,042,463	\$ 14,970,993	\$ 13,529,962
Licensing and product development	427,530	118,085	940,827	249,959
	8,507,796	7,160,548	15,911,820	13,779,921
COSTS AND EXPENSES:				
Cost of products sold	3,013,355	2,604,839	5,706,998	5,113,816
Research and development	2,423,422	2,115,028	4,590,080	3,832,333
Sales and marketing	2,066,253	1,807,218	3,926,615	3,204,041
General and administrative	1,601,626	1,785,063	3,067,137	3,674,250
Restructuring-related	--	--	450,000	--
	9,104,656	8,312,148	17,740,830	15,824,440
Operating loss	(596,860)	(1,151,600)	(1,829,010)	(2,044,519)
INTEREST EXPENSE	(103,159)	(124,643)	(208,724)	(252,808)
INTEREST INCOME	207,383	319,321	501,012	547,183
FOREIGN CURRENCY GAIN (LOSS)	54,435	(24,092)	117,730	(8,668)
GAIN ON SALE OF SECURITIES	--	600,000	--	600,000
	(438,201)	(381,014)	(1,418,992)	(1,158,812)
Loss before income taxes				
INCOME TAXES	5,976	(44,260)	21,944	11,690
	\$ (444,177)	\$ (336,754)	\$ (1,440,936)	\$ (1,170,502)
NET LOSS				
BASIC AND DILUTED NET LOSS PER SHARE	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)
	36,701,511	34,817,884	36,579,738	34,129,825
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				

The accompanying notes are an integral part of these statements.

ORASURE TECHNOLOGIES, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

	COMMON STOCK		ADDITIONAL	ACCUMULATED OTHER	ACCUMULATED	TOTAL
	SHARES	AMOUNT	PAID-IN CAPITAL	COMPREHENSIVE INCOME (LOSS)	DEFICIT	
	-----	-----	-----	-----	-----	-----
BALANCE AT DECEMBER 31, 2000	36,434,004	\$36	\$148,767,789	\$(231,247)	\$(122,364,502)	\$ 26,172,076
Common stock issued upon exercise of options	76,729	--	219,196	--	--	219,196
Compensation expense for stock option grants	--	--	70,580	--	--	70,580
Comprehensive loss:						
Net loss	--	--	--	--	(996,759)	(996,759)
Currency translation adjustment	--	--	--	(108,213)	--	(108,213)
Unrealized loss on marketable securities	--	--	--	(50,275)	--	(50,275)
Total comprehensive loss						(1,155,247)
BALANCE AT MARCH 31, 2001	36,510,733	36	149,057,565	(389,735)	(123,361,261)	25,306,605
Common stock issued upon exercise of options	417,733	1	1,544,513	--	--	1,544,514
Comprehensive loss:						
Net loss	--	--	--	--	(444,177)	(444,177)
Currency translation adjustment	--	--	--	(70,409)	--	(70,409)
Unrealized gain on marketable securities	--	--	--	29,624	--	29,624
Total comprehensive loss						(484,962)
BALANCE AT JUNE 30, 2001	36,928,466	\$37	\$150,602,078	\$(430,520)	(123,805,438)	\$ 26,366,157

The accompanying notes are an integral part of these statements.

ORASURE TECHNOLOGIES, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	SIX MONTHS ENDED JUNE 30,	
	2001	2000
	-----	-----
OPERATING ACTIVITIES:		
Net loss	\$ (1,440,936)	\$ (1,170,502)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock based compensation expense	70,580	87,824
Amortization of deferred revenue	(71,667)	(71,666)
Depreciation and amortization	1,001,046	860,803
Loss on disposition of property and equipment	11,353	140
Gain on sale of investment in affiliated company	(16,853)	-
Changes in assets and liabilities:		
Accounts receivable	(1,380,339)	(473,120)
Inventories	(673,818)	184,909
Prepaid expenses and other assets	151,071	(618,681)
Accounts payable and accrued expenses	(94,573)	68,260
	-----	-----
Net cash used in operating activities	(2,444,136)	(1,132,033)
	-----	-----
INVESTING ACTIVITIES:		
Purchases of short-term investments	(17,165,067)	(13,754,591)
Proceeds from the sale of short-term investments	18,593,150	11,222,134
Purchases of property and equipment	(1,471,445)	(1,796,356)
Proceeds from the sale of property and equipment	27,964	-
Purchase of patents and product rights	-	(8,413)
Investment in affiliated company	-	(19,392)
Proceeds from sale of investment in affiliated company	106,102	-
	-----	-----
Net cash provided by (used in) investing activities	90,704	(4,356,618)
	-----	-----
FINANCING ACTIVITIES:		
Net borrowings under line of credit arrangement	-	144,000
Repayments of term debt	(553,387)	(518,246)
Proceeds from issuance of common stock	1,763,709	12,563,581
	-----	-----
Net cash provided by financing activities	1,210,322	12,189,335
	-----	-----
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(178,622)	(59,731)
	-----	-----
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,321,732)	6,640,953
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,095,639	2,049,644
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 3,773,907	\$ 8,690,597
	=====	=====

The accompanying notes are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. THE COMPANY

OraSure Technologies, Inc. (the "Company") develops, manufactures and markets oral specimen collection devices using its proprietary oral fluid technologies, oral fluid assays, proprietary diagnostic products including in vitro diagnostic tests, and other medical devices. These products are sold to public and private-sector clients, clinical laboratories, physician offices, hospitals, and for workplace testing in the United States and certain foreign countries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION. The accompanying financial statements are unaudited and, in the opinion of management, include all adjustments (consisting only of normal and recurring adjustments) necessary for a fair presentation of the results for these interim periods. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000 and Quarterly Report on Form 10-Q for the three months ended March 31, 2001. Results of operations for the period ended June 30, 2001 are not necessarily indicative of the results of operations expected for the full year. Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INVENTORIES. Inventories are stated at the lower of cost or market determined on a first-in, first-out basis and are comprised of the following:

	JUNE 30, 2001 -----	DECEMBER 31, 2000 -----
Raw materials	\$ 686,936	\$ 473,575
Work-in-process	505,973	348,819
Finished goods	976,513	673,210
	-----	-----
	\$2,169,422	\$1,495,604
	=====	=====

REVENUE RECOGNITION. The Company recognizes product revenues when products are shipped. The Company does not grant price protection or product return rights to its customers. Up-front licensing fees are deferred and recognized ratably over the related license period. Product development revenues are recognized over the period the related product development efforts are performed. Amounts received prior to the performance of product development efforts are recorded as deferred revenues.

In December 1999, the U.S. Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 draws on existing accounting rules and provides specific guidance on revenue recognition of up-front, non-refundable license and development fees. The Company has applied the provisions of SAB 101 in the accompanying financial statements.

SIGNIFICANT CUSTOMER CONCENTRATION. For the three and six-month periods ended June 30, 2001, one customer accounted for 23.4 and 22.3 percent of total revenues, respectively, as compared to 24.8 and 23.4 percent for the same periods in 2000.

RESEARCH AND DEVELOPMENT. Research and development costs are charged to expense as incurred.

FOREIGN CURRENCY TRANSLATION. Pursuant to Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation," the assets and liabilities of the Company's foreign operations are translated into U.S. dollars at current exchange rates as of the balance sheet date, and revenues and expenses are translated at average exchange rates for the period. Resulting translation adjustments are reflected as a separate component of stockholders' equity.

NET LOSS PER COMMON SHARE. The Company has presented basic and diluted net loss per common share pursuant to SFAS No. 128, "Earnings per Share" ("SFAS 128"), and the Securities and Exchange Commission Staff Accounting Bulletin No. 98. In accordance with SFAS 128, basic and diluted net loss per common share have been computed using the weighted-average number of shares of common stock outstanding during the period. Diluted loss per common share is generally computed assuming the conversion or exercise of all dilutive securities such as common stock options and warrants; however, outstanding common stock options and warrants to purchase 4,225,751 and 4,867,657 shares were excluded from the computation of diluted net loss per common share for the three month and six month periods ended June 30, 2001 and 2000, respectively, because they were anti-dilutive due to the Company's losses.

OTHER COMPREHENSIVE INCOME (LOSS). The Company follows SFAS No. 130, "Reporting Comprehensive Income." This statement requires the classification of items of other comprehensive income (loss) by their nature, and disclosure of the accumulated balance of other comprehensive income (loss) separately from retained earnings and additional paid-in capital in the equity section of the balance sheet.

RESTRUCTURING-RELATED EXPENSES. In February, 2001, the Company announced plans to realign certain of its manufacturing operations. Accordingly, during the three months ended March 31, 2001, the Company incurred \$450,000 in non-recurring restructuring costs, primarily comprised of expenses for employee severance, travel and transport resulting from relocating and consolidating manufacturing operations. All restructuring related expenses were paid by June 30, 2001.

FOREIGN CURRENCY FORWARD EXCHANGE CONTRACTS. Commencing in May 2001, the Company entered into foreign currency forward exchange contracts to offset certain operational and balance sheet exposures from changes in foreign currency exchange rates. Such exposures result from the portion of the Company's operations, assets and liabilities located in the Netherlands and denominated in guilders. The Company accounts for these foreign currency forward exchange contracts in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". The contract amounts of foreign currency forward exchange contracts outstanding at June 30, 2001 and December 31, 2000 were \$485,000 and \$0, respectively. During the three-month and six-month periods ended June 30, 2001, gains or losses associated with these contracts were not material.

3. SEGMENT AND GEOGRAPHIC AREA INFORMATION

Under the disclosure requirements of SFAS No. 131, "Segment Disclosures and Related Information," the Company operates within one segment, medical devices and products. The Company's products are sold principally in the United States and Europe. Operating income and identifiable assets for geographic regions outside of the United States are not included herein since all of the Company's revenues outside the United States are export sales.

The following table represents total revenues by geographic area (amounts in thousands):

	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2001 ----	2000 ----	2001 ----	2000 ----
United States	\$7,333	\$5,611	\$13,295	\$11,547
Europe	822	788	1,772	1,211
Other regions	353	762	845	1,022
	-----	-----	-----	-----
	\$8,508	\$7,161	\$15,912	\$13,780
	=====	=====	=====	=====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements below regarding future events or performance are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These include statements about expected revenues, earnings, expenses, cash flow, capital expenditures or other financial performance, and regulatory filings. Forward-looking statements are not guarantees of future performance or results. Factors that could cause actual performance or results to be materially different from those expressed or implied in these statements include: ability to market products; impact of competitors, competing products and technology changes; ability to develop, commercialize and market new products; market acceptance of oral fluid testing products and up-converting phosphor technology products; ability to fund research and development and other projects and operations; ability to obtain and timing of obtaining necessary regulatory approvals; ability to develop product distribution channels; uncertainty relating to patent protection and potential patent infringement claims; ability to enter into international manufacturing agreements; obstacles to international marketing and manufacturing of products; loss or impairment of sources of capital; exposure to product liability and other types of litigation; changes in international, federal or state laws and regulations; changes in relationships with strategic partners and reliance on strategic partners for the performance of critical activities under collaborative arrangements; changes in accounting practices and interpretation of accounting requirements; equipment failures and ability to obtain needed raw materials and components; and general business and economic conditions. These and other factors that could cause the forward-looking statements to be materially different are described in greater detail in the Sections entitled, "Forward-Looking Statements" and "Risk Factors," in Item 1 and elsewhere in the Company's Annual Report on Form 10-K for the year ended December 31, 2000. Although forward-looking statements help to provide information about future prospects, they may not be reliable. The forward-looking statements are made as of the date of this Report and the Company undertakes no duty to update these statements.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2001 COMPARED TO JUNE 30, 2000

Comparative results of operations (in thousands, except %) are summarized as follows:

	Three Months Ended June 30,				
	Dollars		Percent Change (%) Inc. (Dec.)	Percentage of Total Revenue (%)	
	2001	2000		2001	2000
Revenues					
Product	\$8,080	\$ 7,043	15	95	98
License and product development	428	118	263	5	2
	8,508	7,161	19	100	100
Cost and expenses					
Cost of products sold	3,013	2,605	16	35	36
Research and development	2,424	2,115	15	29	30
Sales and marketing	2,066	1,807	14	24	25
General and administrative	1,602	1,786	(10)	19	25
	9,105	8,313	10	107	116
Operating loss	(597)	(1,152)	(48)	(7)	(16)
Interest expense	(103)	(125)	(18)	(1)	(2)
Interest income	207	320	(35)	2	4
Foreign currency gain (loss)	55	(24)	N/A	1	-
Gain on sale of securities	-	600	N/A	-	8
Loss before income taxes	(438)	(381)	15	(5)	(6)
Income taxes	6	(44)	N/A	-	(1)
Net loss	\$ (444)	\$ (337)	32	(5)	(5)

Total revenues increased 19% to approximately \$8.5 million in the second quarter of 2001 from approximately \$7.2 million in 2000, primarily as a result of increased sales of oral fluid collection devices and related immunoassay tests, and increased license and product development revenues. Excluding revenues in the prior period from the discontinued Serum Western Blot product line, total revenues would have increased approximately 24%.

The table below shows the amount of the Company's total revenues (in thousands, except for %) generated by each of its principal products and by license and product development activities.

Three Months Ended June 30,					
Dollars			Percentage of Total Revenue (%)		
	2001	2000	Percent Change (%) Inc. (Dec.)	2001	2000
Product revenues					
Oral specimen collection devices	\$ 3,464	\$2,887	20	41	40
OraQuick	6	-	N/A	-	-
Histofreezer cryosurgical systems	1,559	1,580	(1)	18	22
Immunoassay tests	2,138	1,752	22	25	24
Western Blot HIV confirmatory tests	104	470	(78)	1	7
Other product revenue	809	354	128	10	5
	8,080	7,043	15	95	98
License and product development	428	118	263	5	2
Total revenues	\$ 8,508	\$ 7,161	19	100	100

Product revenues increased 15% to approximately \$8.1 million for the second quarter of 2001 from approximately \$7.0 million in 2000. Sales of oral specimen collection devices and immunoassay tests increased 20% and 22% to approximately \$3.5 million and \$2.1 million, respectively, as a result of increased sales to the public health and substance abuse testing markets. Histofreezer revenues remained flat at approximately \$1.6 million. OraQuick generated approximately \$6,000 of revenue for the second quarter reflecting customer-driven delays in product shipments to the Centers for Disease Control and Prevention and to the Company's distributor in sub-Saharan Africa. Sales of the Western Blot confirmatory tests declined 78% to approximately \$104,000 for the second quarter as a result of the discontinuation of the Serum Western Blot product in January 2001. Other product revenues, which consisted primarily of sales of the Q.E.D. saliva alcohol test and certain Intercept-related equipment sales to criminal justice and drug rehabilitation clients, increased 128% to approximately \$809,000 from approximately \$354,000 in 2000. Total Intercept sales, including devices, immunoassay tests, and related equipment, totaled approximately \$1.2 million for the quarter, as compared to approximately \$203,000 in 2000. As a percentage of product revenue, international product sales decreased to approximately 14% in the second quarter of 2001 from 22% in 2000.

The table below shows the amount of the Company's total revenue (in thousands, except %) generated in each of its principal markets and by license and product development activities.

Three Months Ended June 30,					
Dollars			Percentage of Total Revenue (%)		
	2001	2000	Percent Change (%) Inc. (Dec.)	2001	2000
Market sales					
Insurance testing	\$2,958	\$3,166	(7)	35	44
Public health	1,392	990	41	16	14
Physician offices	1,559	1,580	(1)	18	22
Substance abuse testing	2,014	770	162	24	11
Other markets	157	537	(71)	2	7
	8,080	7,043	15	95	98
License and product development					
	428	118	263	5	2
Total revenues	\$8,508	\$7,161	19	100	100

Sales to the insurance testing market declined by 7% to approximately \$3.0 million in the second quarter of 2001 principally as a result of decreased activity resulting from regulatory changes in life insurance policy reserve levels. Sales to the public health market increased 41% to approximately \$1.4 million in the second quarter as a result of continued penetration by the Company's public health HIV test. Sales to physician offices, which consisted solely of the Histofreezer cryosurgical system, remained flat at approximately \$1.6 million. Sales to the substance abuse testing market increased 162% to approximately \$2.0 million in the second quarter of 2001 as a result of the continued market penetration of Intercept and increased forensic toxicology sales. Other markets declined 71% to approximately \$157,000 due primarily to the discontinuation of the Serum Western Blot product.

License and product development revenue increased 263% to approximately \$428,000 in the second quarter of 2001 from approximately \$118,000 in 2000. This increase was attributable principally to additional revenue resulting from the recognition of milestone payments under existing development arrangements.

The Company's gross margin increased to approximately 65% in the second quarter of 2001 from 64% in 2000. This increase was primarily the result of negotiated contract savings and higher license and product development revenues, partially offset by less favorable product mix. Gross margin, based upon product revenues, was 63% in both the second quarter of 2001 and 2000. Gross margins are anticipated to continue to improve during the remainder of the year.

Research and development expenses increased 15% to approximately \$2.4 million in the second quarter of 2001 from approximately \$2.1 million in 2000, as a result of continued development of the ULink reader, test cassette and collector, DNA feasibility studies, clinical trial expenses for the OraQuick HIV rapid test and other development projects. Research and development expenses, as a percentage of second quarter revenues, declined to approximately 29% from 30% in 2000. Research and development expenses are expected to increase during the remainder of 2001 as clinical trials for OraQuick and ULink research activities continue.

During the second quarter of 2001, the Company filed a 510(k) application with the FDA for the ULink reader and cassette containing assays for six oral fluid drugs of abuse. In addition, the Company filed with the FDA for pre-market approval of the OraQuick HIV test for serum and whole blood applications. A similar OraQuick filing for oral specimens is expected to be made in the fourth quarter of 2001.

Sales and marketing expenses increased 14% to approximately \$2.1 million in the second quarter of 2001 from approximately \$1.8 million in 2000. This increase was primarily the result of costs associated with the development of foreign markets for OraQuick, the continued marketing of the Intercept drugs-of-abuse service, and preparation for the market launch of UPlink scheduled for the third quarter of 2001. Sales and marketing expenses, as a percentage of second quarter revenues, declined to approximately 24% from 25% in 2000.

General and administrative expenses decreased 10% to approximately \$1.6 million in the second quarter of 2001 from approximately \$1.8 million in 2000. This decrease reflects cost savings from the elimination of duplicative overhead structures as a result of the merger of STC Technologies, Inc. and Epitope, Inc. into the Company on September 29, 2000. General and administrative expenses, as a percentage of second quarter revenues, declined to approximately 19% from 25% in 2000.

Operating loss improved approximately \$555,000 to approximately \$597,000 in the second quarter of 2001 from approximately \$1.2 million in 2000 as a result of increasing revenues and improving gross margins, partially offset by increased operating expenses.

Interest expense decreased by 17% to approximately \$103,000 in the second quarter of 2001 from approximately \$125,000 in 2000 as a result of principal loan repayments.

Interest income decreased to approximately \$207,000 in the second quarter of 2001 from approximately \$320,000 in 2000 as a result of lower cash and cash equivalents available for investment and lower interest rates.

Foreign currency gain was approximately \$54,000 in the second quarter of 2001 compared to a loss of approximately \$24,000 in 2001 primarily due to changes in the exchange rate between the U.S. dollar and the Netherlands guilder.

In the second quarter of 2000, the Company recorded a gain on the sale of securities of \$600,000, as a result of the sale of Andrew & Williamson Sales Company, Inc. ("A&W") preferred stock the Company had received as part of a settlement with A&W in 1997.

Net loss was approximately \$444,000 in the second quarter of 2001 compared to approximately \$337,000 in 2000, which included a one-time \$600,000 gain on the sale of securities in 2000. Excluding the one-time \$600,000 gain on sale of securities, net loss would have improved approximately \$493,000, as compared to the second quarter of 2000.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO JUNE 30, 2000

Comparative results of operations (in thousands, except %) are summarized as follows:

	Six Months Ended June 30,				
	Dollars		Percent Change (%) Inc. (Dec.)	Percentage of Total Revenue (%)	
	2001	2000		2001	2000
Revenues					
Product	\$14,971	\$13,530	11	94	98
License and product development	941	250	276	6	2
	15,912	13,780	15	100	100
Cost and expenses					
Cost of products sold	5,707	5,114	12	36	37
Research and development	4,590	3,832	20	29	28
Sales and marketing	3,927	3,204	23	25	23
General and administrative	3,067	3,674	(16)	19	27
Restructuring-related	450	-	N/A	3	-
	17,741	15,824	12	112	115
Operating loss	(1,829)	(2,044)	(10)	(12)	(15)
Interest expense	(209)	(253)	(17)	(1)	(1)
Interest income	501	547	(8)	3	4
Foreign currency gain (loss)	118	(9)	N/A	1	-
Gain on sale of securities	-	600	N/A	-	4
Loss before income taxes	(1,419)	(1,159)	22	(9)	(8)
Income taxes	22	12	83	0	0
Net loss	\$ (1,441)	\$ (1,171)	23	(9)	(8)

Total revenues increased 15% to approximately \$15.9 million in the first six months of 2001 from approximately \$13.8 million in the comparable period in 2000, primarily as a result of increased sales of oral fluid collection devices and related immunoassay tests, and increased license and product development revenues.

The table below shows the amount of the Company's total revenues (in thousands, except for %) generated by each of its principal products and by license and product development activities.

	Six Months Ended June 30,				
	Dollars		Percent Change (%) Inc. (Dec.)	Percentage of Total Revenue (%)	
	2001	2000		2001	2000
Product revenues					
Oral specimen collection devices	\$ 6,717	\$ 5,415	24	42	39
OraQuick	240	-	N/A	2	-
Histofreezer cryosurgical systems	2,779	2,944	(6)	17	21
Immunoassay tests	3,808	3,514	8	24	26
Western Blot HIV confirmatory tests	328	886	(63)	2	6
Other product revenue	1,099	771	43	7	6
	14,971	13,530	11	94	98
License and product development	941	250	276	6	2
Total revenues	\$ 15,912	\$ 13,780	15	100	100

Product revenues increased 11% to approximately \$15.0 million for the first six months of 2001 from approximately \$13.5 million in the first six months of 2000. Sales of oral specimen collection devices and immunoassay tests increased 24% and 8% to approximately \$6.7 million and \$3.8 million, respectively, as a result of increased sales to the public health and substance abuse testing markets. Histofreezer revenues declined 6% to approximately \$2.8 million. OraQuick generated approximately \$240,000 of revenue during the six months ended June 30, 2001. Sales of the Western Blot confirmatory tests declined 63% to approximately \$328,000 as a result of the discontinuation of the Serum Western Blot product in January 2001. Other product revenues, which consisted primarily of sales of the Q.E.D. saliva alcohol test and certain Intercept-related equipment sales to criminal justice and drug rehabilitation clients, increased 43% to approximately \$1.1 million from approximately \$771,000 in 2000. Total Intercept sales for the first six months of 2001, including devices, immunoassay tests, and related equipment, totaled approximately \$1.7 million as compared to approximately \$328,000 in 2000. As a percentage of product revenues, international product sales remained flat at approximately 16% in the first six months of 2001.

The table below shows the amount of the Company's total revenue (in thousands, except %) generated in each of its principal markets and by license and product development activities.

Six Months Ended June 30,					
	Dollars			Percentage of Total Revenue (%)	
	2001	2000	Percent Change (%) Inc. (Dec.)	2001	2000
Market sales					
Insurance testing	\$5,891	\$6,239	(6)	37	45
Public health	2,839	1,723	65	18	13
Physician offices	2,779	2,944	(6)	17	21
Substance abuse testing	3,198	1,592	101	20	12
Other markets	264	1,032	(74)	2	7
	14,971	13,530	11	94	98
License and product development					
	941	250	276	6	2
Total revenues	\$15,912	\$13,780	15	100	100

Sales to the insurance testing market declined by 6% to approximately \$5.9 million in the first six months of 2001 principally as a result of decreased activity resulting from regulatory changes in life insurance reserve levels. Sales to the public health market increased 65% to approximately \$2.8 million in the first six months of 2001. Sales to physician offices, which consisted solely of the Histofreezer cryosurgical system, decreased to approximately \$2.8 million in the first six months of 2001. Sales to the substance abuse testing market increased 101% to approximately \$3.2 million in the first six months of 2001 as a result of the continued market penetration of Intercept and increased forensic toxicology sales. Other markets declined 74% to approximately \$264,000 due primarily to the discontinuation of the Serum Western Blot product.

License and product development revenue increased 276% to approximately \$941,000 in the first six months of 2001 from approximately \$250,000 in 2000. This increase was attributable principally to additional revenue resulting from the recognition of milestone payments under existing development arrangements.

The Company's gross margin increased to approximately 64% in the first six months of 2001 from 63% in 2000. This increase was primarily the result of negotiated contract savings and higher license and product development revenues, partially offset by less favorable product mix and incremental costs associated with the ramp up of OraQuick manufacturing. Gross margin, based upon product revenues, was 62% in the first six months of 2001 and 2000.

Research and development expenses increased 20% to approximately \$4.6 million in the first six months of 2001 from approximately \$3.8 million in 2000, as a result of continued development of the ULink reader, test cassette and collector, DNA feasibility studies, and clinical trial expenses for the OraQuick HIV rapid test.

Sales and marketing expenses increased 23% to approximately \$3.9 million in the first six months of 2001 from approximately \$3.2 million in 2000. This increase was primarily the result of costs associated with the development of foreign markets for OraQuick, the continued marketing of the Intercept drugs-of-abuse service, and preparation for the market launch of ULink scheduled for the third quarter of 2001.

General and administrative expenses decreased 16% to approximately \$3.1 million in the first six months of 2001 from approximately \$3.7 million in 2000. This decrease reflects cost savings from the elimination of duplicative overhead structures as a result of the merger of STC Technologies, Inc. and Epitope, Inc. into the Company on September 29, 2000. General and administrative expenses, as a percentage of revenues, declined to approximately 19% from 27% in 2000.

Restructuring related expenses were approximately \$450,000 as a result of the first quarter manufacturing restructuring. These non-recurring costs primarily included expenses for employee severance, travel and transport resulting from relocating and consolidating manufacturing operations.

Operating loss improved to approximately \$1.8 million in the six months ended June 30, 2001, from approximately \$2.0 million in 2000 as a result of increasing revenues and improving gross margins, partially offset by increased sales and marketing and research and development expenses. Excluding the \$450,000 non-recurring manufacturing restructuring expenses, the operating loss would have been approximately \$1.4 million for the first six months of 2001, an improvement of approximately \$665,000.

Interest expense decreased by 17% to approximately \$209,000 in the first six months of 2001 from approximately \$253,000 in 2000 as a result of principal loan repayments.

Interest income decreased to approximately \$501,000 in the first six months of 2001 from approximately \$547,000 in 2000 as a result of lower cash and cash equivalents available for investment and lower interest rates.

Foreign currency gain was approximately \$118,000 in the first six months of 2001 compared to a loss of approximately \$9,000 in 2000, primarily due to changes in the exchange rate between the U.S. dollar and the Netherlands guilder.

In the second quarter of 2000, the Company recorded a gain on the sale of securities of \$600,000, as a result of the sale of A&W preferred stock the Company had received as part of a settlement with A&W in 1997.

Net loss was approximately \$1.4 million in the first six months of 2001 compared to approximately \$1.2 million in 2000, which included a one-time \$600,000 gain on the sale of securities in 2000. Excluding the \$450,000 non-recurring manufacturing restructuring expenses in 2001 and the one-time \$600,000 gain on sale of securities in 2000, the net loss would have improved approximately \$780,000.

LIQUIDITY AND CAPITAL RESOURCES

	June 30, 2001	December 31, 2000
	-----	-----
	(In thousands)	
Cash and cash equivalents	\$ 3,774	\$ 5,096
Short-term investments	13,458	14,957
Working capital	20,677	21,495

The Company's cash, cash equivalents and short-term investments position decreased approximately \$2.8 million from December 31, 2000 to approximately \$17.2 million at June 30, 2001, primarily as a result of the net loss and increased working capital, partially offset by proceeds from the exercise of stock options. At June 30, 2001, the Company's working capital was approximately \$20.7 million.

The combination of the Company's current cash position, available borrowings under the Company's credit facilities, and the Company's cash flow from operations is expected to be sufficient to fund the Company's foreseeable operating and capital needs. However, the Company's cash requirements may vary materially from those now planned due to many factors, including, but not limited to, the progress of the Company's research and development programs, the scope and results of clinical testing, changes in existing and potential relationships with strategic partners, the time and cost in obtaining regulatory approvals, the costs involved in obtaining and enforcing patents, proprietary rights and any necessary licenses, the ability of the Company to establish development and commercialization capacities or relationships, the costs of manufacturing, market acceptance of new products, the need for increased capital expenditures, and other factors.

Net cash used in operating activities was approximately \$2.4 million for the first six months of 2001, as a direct result of the Company's net loss and increased working capital levels.

Net cash provided by investing activities during the first six months of 2001 was approximately \$91,000 as a result of the sale of securities to fund short-term cash needs. In addition, the Company also incurred approximately \$1.5 million in capital expenditures, primarily reflecting the Company's investment required to manufacture its OraQuick product in Bethlehem, Pennsylvania. Capital expenditures are anticipated to increase during the remainder of 2001 as a result of additional commitments the Company has made for the purchase and installation of fully automated lateral flow manufacturing equipment for UPLink, additional space for research and development activities, and expanded manufacturing capacity.

Net cash provided by financing activities was approximately \$1.2 million during the first six months of 2001, reflecting principally proceeds from the exercise of stock options.

At June 30, 2001, the Company had a \$1.0 million working capital line of credit in place that accrues interest at LIBOR plus 235 basis points and a \$1.0 million equipment line of credit in place that accrues interest at a rate fixed at prime at the time of draw down. There were no borrowings under these lines of credit at June 30, 2001. These lending facilities have been extended through April 30, 2002.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company does not hold any material derivative financial instruments or derivative commodity instruments, and does not hold material amounts of other financial instruments. Accordingly, the Company has no material market risk to report under this Item.

The Company's holdings of financial instruments are comprised of U.S. corporate debt, certificates of deposit, government securities and commercial paper. All such instruments are classified as securities available for sale. The Company's debt security portfolio represents funds held temporarily pending use in its business and operations. The Company seeks reasonable assuredness of the safety of principal and market liquidity by investing in rated fixed income securities while at the same time seeking to achieve a favorable rate of return. Market risk exposure consists principally of exposure to changes in interest rates. If changes in interest rates would affect the investments adversely, the Company continues to hold the security to maturity. The Company's holdings are also exposed to the risks of changes in the credit quality of issuers. The Company typically invests in the shorter end of the maturity spectrum.

The Company has entered into approximately \$485,000 of foreign currency forward exchange contracts to offset certain operational and balance sheet exposures from changes in foreign currency exchange rates. Such exposures result from the portion of the Company's operations, assets and liabilities located in the Netherlands and denominated in guilders. Based upon the fixed-exchange-rate nature of these contracts, the Company is exposed to potential risk of loss based upon fluctuations in the exchange rate of the guilder and U.S. dollar during the term of the contract. Furthermore, as currency rates change, translation of income statements for these operations from guilders to U.S. dollars affects year-to-year comparability of operating results. The Company's operations in the Netherlands represented approximately \$0.5 million (6.2% of total revenues) and \$1.0 million (6.1% of total revenues) for the three months and six months ended June 30, 2001, respectively. Management does not expect the risk of foreign currency fluctuations to be material.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the 2001 Annual Meeting of Stockholders of the Company held on June 14, 2001, the following individuals were elected by the votes indicated as Class I directors of the Company for terms expiring at the 2004 Annual Meeting of Stockholders:

NOMINEE -----	VOTES FOR ---	VOTES WITHHELD -----
Michael G. Bolton	30,756,501	99,197
Frank G. Hausmann	30,783,682	72,016

The other directors whose terms of office continued after the Annual Meeting are: Robert D. Thompson, Michael J. Gausling, William W. Crouse, Gregory B. Lawless and Roger L. Pringle.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

Exhibits are listed on the attached exhibit index following the signature page of this report.

(b) Reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

ORASURE TECHNOLOGIES, INC.

/s/ Richard D. Hooper

Date: August 14, 2001

Richard D. Hooper
Vice President of Finance and
Chief Financial Officer
(Principal Financial Officer)

/s/ Mark L. Kuna

Date: August 14, 2001

Mark L. Kuna
Controller
(Principal Accounting Officer)

EXHIBIT INDEX

EXHIBIT

- - - - -

- 3 Amended and Restated Bylaws of OraSure Technologies, Inc., Effective as of June 14, 2001.
- 4 Second Amendment to Stockholders' Agreement, dated as of June 29, 2001, among OraSure Technologies, Inc. (as successor to STC Technologies, Inc.), HealthCare Ventures V, L.P., Hudson Trust and Pennsylvania Early Stage Partners, L.P.

AMENDED AND RESTATED BYLAWS
OF
ORASURE TECHNOLOGIES, INC.
EFFECTIVE AS OF JUNE 14, 2001

ARTICLE I
NAME AND LOCATION

SECTION 1. NAME.

The name of the Corporation shall be the name set forth in the Certificate of Incorporation.

SECTION 2. PRINCIPAL OFFICE.

The principal office of the Corporation is located at 8505 S.W. Creekside Place, Beaverton, Oregon 97008.

SECTION 3. ADDITIONAL OFFICES.

Other offices for the transaction of business of the Corporation may be located at such place or places as the Board of Directors may from time to time determine.

ARTICLE II
CAPITAL STOCK

SECTION 1. STOCK CERTIFICATES.

All certificates of stock shall be signed by the Chairman of the Board of Directors, the Chief Executive Officer, the President or a Vice President and the Secretary or an Assistant Secretary, and sealed with the corporate seal.

SECTION 2. STOCK TRANSFERS.

Transfers of stock shall be made on the books of the Corporation upon the surrender of the old certificate properly endorsed, and said old certificate shall be canceled before a new certificate is issued.

SECTION 3. LOST OR DESTROYED STOCK CERTIFICATES.

A new certificate of stock may be issued in the place of any certificate theretofore issued, alleged to have been lost or destroyed, and the Corporation may, in its discretion, require the owner of the lost or destroyed certificate, or its legal representative, to give a bond sufficient to indemnify the Corporation against any claim that may be made against it on account of the alleged loss of any certificate.

SECTION 4. PREEMPTIVE RIGHTS DENIED.

No holder of shares of any class of the Corporation, or holder of any securities or obligations convertible into shares of any class of the Corporation, shall have any preemptive right whatsoever to subscribe for, purchase or otherwise acquire shares of the Corporation of any class, whether now or hereafter authorized; provided, however, that nothing in this Section 4 shall prohibit the Corporation from granting, contractually or otherwise, to any such holder, the right to purchase additional securities of the Corporation.

ARTICLE III
STOCKHOLDERS' MEETINGS

SECTION 1. ANNUAL MEETING.

The annual meeting of the stockholders of the Corporation shall be held, either within or without the State of Delaware, on such date and at such time as may from time to time be determined by the Board of Directors. At such meeting the stockholders shall elect directors in the manner provided in the Certificate of Incorporation of the Corporation. The stockholders may transact such other business at such annual meetings as may properly come before the meeting.

SECTION 2. SPECIAL MEETING.

A special meeting of the holders of any one or more classes of the capital stock of the Corporation entitled to vote as a class or classes with respect to any matter, as required by law or as provided by the Certificate of Incorporation, may be called at any time and place, either within or without the state of Delaware, only by the Chairman of the Board, the Chief Executive Officer, the President or the Board of Directors.

SECTION 3. NOTICE.

Notice of the time and place of all annual meetings and of the time, place and purpose of all special meetings shall be mailed by the Secretary to each stockholder at his or her last known post office address as it appears on the records of the Corporation at least ten (10) days before the date set for such meeting.

SECTION 4. NOMINATION OF DIRECTORS.

Nomination of persons for election to the Board of Directors of the Corporation at a meeting of the stockholders may be made by or at the direction of the Board of Directors or may be made at a meeting of stockholders by any stockholder of

the Corporation entitled to vote for the election of Directors at the meeting in compliance with the notice procedures set forth in this Section 4 of ARTICLE III. Such nomination, other than those made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than fifty (50) days nor more than seventy-five (75) days prior to the meeting; provided, however, that in the event that less than sixty-five (65) days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by

the stockholder to be timely must be so received no later than the close of business on the fifteenth (15th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth: (a) as to each person whom the stockholder proposes to nominate for election or re-election as a Director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the person, and (iv) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of Directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and (b) as to the stockholder giving the notice; (i) the name and record address of the stockholder; and (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a Director of the Corporation. No person shall be eligible for election as a Director of the Corporation at a meeting of the stockholders unless such person has been nominated in accordance with the procedures set forth herein. If the facts warrant, the Chairman of the meeting shall determine and declare to the meeting that a nomination does not satisfy the requirements set forth in the preceding sentence and the defective nomination shall be disregarded. Nothing in this Section 42 shall be construed to affect the requirements for proxy statements of the Corporation under Regulation 14A of the Exchange Act.

SECTION 5. PRESENTATION OF BUSINESS AT STOCKHOLDERS' MEETINGS.

At any meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before a meeting, business must be: (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before a meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than fifty (50) days nor more than seventy-five (75) days prior to the meeting; provided, however, that in the event that less than sixty-five (65) days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be so received no later than the close of business on the fifteenth (15th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Such stockholder's notice to the Secretary shall set forth: (a) as to each matter the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting, and (b) as to the stockholder giving the notice, (i) the name and record address of the stockholder, (ii) the class and number of shares of capital stock of the Corporation which are beneficially owned by the stockholder and (iii) any material interest of the

stockholder in such business. No business shall be conducted at a meeting of the stockholders unless proposed in accordance with the procedures set forth herein. The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the foregoing procedure and such business shall not be transacted. To the extent this Section 5 shall be deemed by the Board of Directors or the Securities and Exchange Commission, or finally adjudged by a court of competent jurisdiction, to be inconsistent with the right of stockholders to request inclusion of a proposal in the Corporation's proxy statement pursuant to Rule 14a-8 promulgated under the Exchange Act, such rule shall prevail.

SECTION 6. PRESIDING OFFICIALS.

The Chairman of the Board of Directors, or in his or her absence or inability to act, the Chief Executive Officer, or in his or her absence or inability to act, the President, or in his or her absence or inability to act, any Vice President, shall preside at all stockholders' meetings.

SECTION 7. VOTING.

Except as otherwise provided in the Certificate of Incorporation of the Corporation, at each meeting of the stockholders, each stockholder shall be entitled to cast one vote for each share of voting stock standing of record on the books of the Corporation, in his or her name, and may cast such vote either in person or by proxy. All proxies shall be in writing and filed with the Secretary of the meeting.

SECTION 8. QUORUM; ADJOURNMENT.

At any meeting held for the purpose of electing directors, the presence in person or by proxy of the holders of at least a majority of the then outstanding voting shares of the Corporation shall be required and be sufficient to constitute a quorum for the election of directors. At a meeting held for any purpose other than the election of directors, shares representing a majority of the votes entitled to be cast on such matter, present in person or represented by proxy, shall constitute a quorum. In the absence of the required quorum at any meeting of stockholders, a majority of such holders present in person or by proxy shall have the power to adjourn the meeting, from time to time, without notice (except as required by law) other than an announcement at the meeting, until a quorum shall be present.

SECTION 9. ANNUAL STATEMENT OF BUSINESS.

At each of the annual stockholders' meetings, one of the executive officers of the Corporation shall submit a statement of the business done during the preceding year, together with a report of the general financial condition of the Corporation.

ARTICLE IV
DIRECTORS

SECTION 1. POWERS OF THE BOARD.

The business and property of the Corporation shall be managed by a Board consisting of such number of Directors as is determined from time to time in accordance with the provisions of the Certificate of Incorporation of the Corporation. The Board of Directors may elect one of their number to act as Chairman of the Board.

SECTION 2. QUALIFICATION.

Each Director upon his or her election shall qualify by filing his or her written acceptance with the Secretary or an Assistant Secretary and by fulfilling any prerequisite to qualification that may be set forth in the Certificate of Incorporation of the Corporation.

SECTION 3. ANNUAL MEETINGS.

The annual meeting of the Board of Directors shall be held immediately after the adjournment of each annual meeting of the stockholders and in the event a quorum is not present, said meeting shall be held within ten (10) days after adjournment upon proper notice by the Chairman of the Board of Directors, the Chief Executive Officer, the President or a Vice President.

SECTION 4. SPECIAL MEETINGS.

Special meetings of the Board of Directors may be called at any time or place by the Chairman of the Board, the Chief Executive Officer, or by the President, and in the absence or inability of all of them to act, by any Vice President, and may also be called by any two members of the Board of Directors. By unanimous consent of the Directors, special meetings of the Board may be held without notice, at any time and place.

SECTION 5. NOTICE; TELEPHONIC ATTENDANCE; UNANIMOUS CONSENT.

Notice of all regular and special meetings of the Board of Directors or the Executive Committee or any committee established pursuant to this ARTICLE IV (an "Other Committee") shall be sent to each Director or member of such committee, as the case may be, by the Secretary or any Assistant Secretary, by a means reasonably calculated to be received at least seven (7) days prior to the time fixed for such meeting, or notice of special meetings of the Board of Directors or the Executive Committee or any Other Committee may be given by telephone, telegraph, telefax or telex to each Director or member of such committee, as the case may be, at least twenty-four (24) hours prior to the time fixed for such meeting, or on such shorter notice as the person or persons calling the meeting may reasonably deem necessary or appropriate in the circumstances. To the extent provided in the notice of the meeting or as otherwise determined by the Chairman of the Board or the Board of Directors, Directors may participate in any regular or special meeting by means of conference telephone, videoconference or similar communications equipment which allows all persons participating in such meeting to hear each other, and participation in such meeting by means of such a device shall constitute presence in person at such meeting. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

If all the directors shall severally or collectively consent in writing to any action to be taken by the directors, such consents shall have the same force and effect as a unanimous vote of the directors at a meeting duly held. The Secretary shall file such consents with the minutes of the meetings of the Board of Directors.

SECTION 6. QUORUM; ADJOURNMENT.

Except as otherwise provided in the Certificate of Incorporation of the Corporation, a quorum for the transaction of business at any meeting of the directors shall consist of a majority of the members of the Board, but the directors present, although less than a quorum, shall have the power to adjourn the meeting from time to time or to some future date.

SECTION 7. ELECTION OF OFFICERS.

The directors shall elect the officers of the Corporation and fix their salaries and other compensation. Such election shall be made at the Directors' meeting following each annual stockholders' meeting.

SECTION 8. ADVISERS TO THE BOARD OF DIRECTORS.

The Board of Directors from time to time, as they may deem proper, shall have authority to appoint a general manager, counsel or attorneys and other employees for such length of time and upon such terms and conditions and at such salaries and other compensation as they may deem necessary and/or advisable.

SECTION 9. COMPENSATION; REIMBURSEMENT OF EXPENSES.

The members of the Board of Directors shall receive compensation for their services in such amount as may be reasonable and proper and consistent with the time and service rendered. The members of the Board of Directors shall receive the reasonable expenses necessarily incurred in the attendance of meetings and in the transaction of business for the Corporation.

SECTION 10. INDEMNIFICATION; INSURANCE.

(a) Indemnification.

(1) Actions Other than Those by or in the Right of the Corporation. To the extent permitted by Delaware law from time to time in effect and subject to the provisions of paragraph (c) of this Section 10, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts

paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation (or such other corporation or organization), and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

(2) Action by or in the Right of the Corporation. To the extent permitted by Delaware law from time to time in effect and subject to the provisions of paragraph (c) of this Section 10, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation (or such other corporation or organization) and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation (or such other corporation or organization) unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(3) Successful Defense of Action. Notwithstanding, and without limitation of, any other provision of this Section 10, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in sub-paragraph (1) or (2) of this paragraph (a), or in defense of any claim, issue or matter therein, such director, officer, employee or agent shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(4) Determination Required. Any indemnification under sub-paragraph (1) or (2) of this paragraph (a) (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because such director, officer, employee or agent has met the applicable standard of conduct set forth in said sub-paragraph. Such determination shall be made: (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not

parties to the particular action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders.

(b) Insurance. The Corporation may, when authorized by the Board of Directors, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Section 10. The risks insured under any insurance policies purchased and maintained on behalf of any person as aforesaid or on behalf of the Corporation shall not be limited in any way by the terms of this Section 10 and to the extent compatible with the provisions of such policies, the risks insured shall extend to the fullest extent permitted by law, common or statutory.

(c) Advancement of Expenses; Nonexclusivity; Duration. Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such officer or director to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Section 10. Such expenses (including attorneys' fees) incurred by other employees and agents may be so paid by the Corporation upon such terms and conditions, if any, as the Board of Directors deems appropriate. The indemnifications, advancement of expenses and rights provided by, or granted pursuant to, this Section 10 shall not be deemed exclusive of any other indemnifications, advancement of expenses, rights or limitations of liability to which any person seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors, or otherwise, either as to action in such person's official capacity or as to action in another capacity while holding office, and they shall continue although such person has ceased to be a director, officer, employee or agent and shall inure to the benefit of such person's heirs, executors and administrators. The authorization to purchase and maintain insurance set forth in paragraph (b) shall likewise not be deemed exclusive.

SECTION 11. COMMITTEES.

(a) The Board of Directors may, by resolution or resolutions adopted by a majority of the whole Board, designate two or more directors of the Corporation to constitute one or more committees in addition to those committees required by SECTIONS 12, 13 and 14 of this ARTICLE IV. Each such committee, to the extent provided in such resolution or resolutions, shall have and may exercise all of the authority of the Board in the management of the Corporation; provided, however, that the designation of each such committee and the delegation thereto of authority shall not

operate to relieve the Board, or any member thereof, of any responsibility imposed upon it or such member by law.

(b) Notwithstanding any other provision of these Bylaws, no committee of the Board of Directors shall have the power or authority of the Board with respect to (i) amending the Certificate of Incorporation, (ii) approving or recommending to stockholders any type or form of "business combination" (as defined in Section 203 of the General Corporation Law of Delaware as in effect on January 1, 1996), (iii) approving or recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, (iv) amending these Bylaws, (v) declaring a dividend or making any other distribution to the stockholders, (vi) authorizing the issuance of stock otherwise than pursuant to the grant or exercise of a stock option under employee stock options of the Corporation or in connection with a public offering of securities registered under the Securities Act of 1933, as amended, or (vii) appointing any member of any committee of the Board.

(c) Each such committee shall keep regular minutes of its proceedings, which minutes shall be recorded in the minute book of the Corporation. The Secretary or an Assistant Secretary of the Corporation may act as Secretary for each such committee if the committee so requests.

SECTION 12. EXECUTIVE COMMITTEE.

The Board of Directors may, at the annual or any regular or special meeting, by resolutions adopted by a majority of the whole Board, designate two or more directors to constitute an Executive Committee and appoint one of the directors so delegated as the Chairman of the Executive Committee. The Executive Committee between regular meetings of the Board of Directors shall manage the business and property of the Corporation and shall have the same power and authority as the Board of Directors; provided, however, the Executive Committee shall not act (other than to make a recommendation) in those cases where it is provided by law or by the Certificate of Incorporation of the Corporation that any vote or action in order to bind the Corporation shall be taken by the Directors. Members of the Executive Committee may participate in any meeting of the Executive Committee by means of conference telephone or videoconference or similar communications equipment which allows all persons participating in the meeting to hear each other, and participation in a meeting by means of such a device shall constitute presence in person at such meeting.

The Executive Committee shall keep a record of its proceedings and may hold meetings upon one (1) day's written notice or upon waiver of notice signed by the members either before or after said Executive Committee meeting. A majority of the Executive Committee shall constitute a quorum for the transaction of business at any meeting for which notice has been given to all members in accordance with ARTICLE IV, Section 5 hereof or for which notice has been waived by all members.

The Executive Committee or any Other Committee may act by unanimous written consent as provided in ARTICLE IV, SECTION 5.

SECTION 13. AUDIT COMMITTEE.

The Board of Directors at the annual or any regular or special meeting of the directors shall, by resolution adopted by a majority of the whole Board, designate two or more directors to constitute an Audit Committee and appoint one of the directors so designated as the chairman of the Audit Committee. Membership on the Audit Committee shall be restricted to those directors who are independent of the management of the Corporation and are free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a member of the committee. Vacancies in the committee may be filled by the Board at any meeting thereof. Each member of the committee shall hold office until such committee member's successor has been duly elected and qualified, or until such committee member's resignation or removal from the Audit Committee by the Board, or until such committee member otherwise ceases to be a director. Any member of the Audit Committee may be removed from the committee by resolution adopted by a majority of the whole Board. The compensation, if any, of members of the committee shall be established by resolution of the Board.

The Audit Committee shall be responsible for: recommending to the Board the appointment or discharge of independent auditors; reviewing with the management and the independent auditors the terms of engagement of independent auditors, including the fees, scope and timing of the audit and any other services rendered by the independent auditors; reviewing with the independent auditors and management the Corporation's policies and procedures with respect to internal auditing, accounting and financial controls; reviewing with the management the independent statements, audit results and reports and the recommendations made by any of the auditors with respect to changes in accounting procedures and internal controls; reviewing the results of studies of the Corporation's system of internal accounting controls; and performing any other duties or functions deemed appropriate by the Board. The Audit Committee shall have the powers and rights necessary or desirable to fulfill these responsibilities, including the power and right to consult with legal counsel and to rely upon the opinion of legal counsel. The Audit Committee is authorized to communicate directly with the Corporation's financial officers and employees, internal auditors and independent auditors as it deems desirable and to have the internal auditors or independent auditors perform any additional procedures as it deems appropriate.

All actions of the Audit Committee shall be reported to the Board at the next meeting of the Board. The minute books of the Audit Committee shall at all times be open to the inspection of any director.

The Audit Committee shall meet at the call of its chairman or of any two members of the Audit Committee (or if there shall be only one other member, then at the call of that member). A majority of the Audit Committee shall constitute a quorum for the transaction of business (or if there shall only be two members, then both must be present), and the act of a majority of those present at any meeting at which a quorum is present (or if there shall be only two members, then they must act unanimously) shall constitute the act of the Audit Committee.

SECTION 14. COMPENSATION COMMITTEE.

The Board of Directors at the annual or any regular or special meeting shall, by resolution adopted by a majority of the whole Board, designate two or more directors to constitute a Compensation Committee. Membership on the Compensation Committee shall be restricted to disinterested persons which for this purpose shall mean any director who, during the time such director is a member of the Compensation Committee is not eligible, and has not at any time within one year prior thereto been eligible, for selection to participate (other than in a manner as to which the Compensation Committee has no discretion) in any of the compensation plans administered by the Compensation Committee. Vacancies in the committee may be filled by the Board at any meeting. Each member of the committee shall hold office until such committee member's successor has been duly elected and qualified, or until such committee member's resignation or removal from the Compensation Committee by the Board, or until such committee member otherwise ceases to be a director or a disinterested person. Any member of the Compensation Committee may be removed by resolution adopted by a majority of the whole Board. The compensation, if any, of the members of the Compensation Committee shall be established by resolution of the Board.

The Compensation Committee shall, from time to time, recommend to the Board the compensation and benefits of the executive officers of the Corporation. The Compensation Committee shall have the power and authority vested in the Board by any benefit plan of the Corporation. The Compensation Committee shall also make recommendations to the Board with regard to the compensation of the Board and its committees, with the exception of the Compensation Committee.

All actions of the Compensation Committee shall be reported to the Board at the next meeting of the Board. The minute books of the Compensation Committee shall at all times be open to the inspection of any director.

The Compensation Committee shall meet at the call of the chairman of the Compensation Committee or of any two members of the Compensation Committee (or if there shall be only one other member, then at the call of that member). A majority of the Compensation Committee shall constitute a quorum for the transaction of business (or if there shall be only two members, then both must be present), and the act of a majority of those present at any meeting at which a quorum is present (or if there shall be only two members, then they must act unanimously) shall be the act of the Compensation Committee.

SECTION 15. ALTERNATE COMMITTEE MEMBERS.

The Board of Directors, by resolution adopted by a majority of the whole Board, may designate one or more additional directors as alternate members of any committee to replace any absent or disqualified member at any meeting of that committee, and at any time may change the membership of any committee or amend or rescind the resolution designating the committee. In the absence or disqualification of a member or alternate member of a committee, the member or members thereof present at any meeting and not

disqualified from voting, whether or not the member or members constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member, provided that the director so appointed meets any qualifications stated in these Bylaws or the resolution designating the committee or any amendment thereto.

SECTION 16. COMMITTEE PROCEDURES.

Unless otherwise provided in these Bylaws or in the resolution designating any committee, any committee may fix its rules or procedures, fix the time and place of its meetings and specify what notice of meetings, if any, shall be given.

ARTICLE V OFFICERS

SECTION 1. DESIGNATIONS.

The officers of this Corporation shall be a Chairman of the Board of Directors, a Chief Executive Officer, a President, as many Vice Presidents as the Board of Directors may from time to time deem advisable and one or more of which may be designated Executive Vice President or Senior Vice President, a Secretary, a Treasurer, and such Assistant Secretaries and Assistant Treasurers as the Board of Directors may from time to time deem advisable, and such other officers as the Board of Directors may from time to time deem advisable and designate. The Chairman of the Board of Directors shall be a member of and be elected by the Board of Directors. All other officers shall be elected by the Board of Directors. All officers shall hold office until their respective successors are elected and shall have qualified. Any two offices may be held by one person except the office of President and Vice President.

SECTION 2. CHAIRMAN OF THE BOARD.

The Chairman of the Board of Directors shall preside at all meetings of the Directors and stockholders at which he or she is present and shall have such other duties, power and authority as may be prescribed by the Board of Directors from time to time or elsewhere in these Bylaws.

SECTION 3. CHIEF EXECUTIVE OFFICER.

The Chief Executive Officer shall have such general executive powers and duties as are usually vested in the office of the chief executive officer and shall perform such other duties as are authorized by the Board of Directors. Unless the Board of Directors otherwise provides, the Chief Executive Officer, or any person designated in writing by the Chief Executive Officer, shall have full power and authority on behalf of the Corporation to: (i) attend and to vote or take action at any meeting of the holders of securities of corporations in which the Corporation may hold securities, and at such meetings shall possess and may exercise any and all rights and powers incident to being a holder of such securities, and (ii) execute and deliver waivers of notice and proxies for

and in the name of this Corporation with respect to securities of any such corporation held by this Corporation.

SECTION 4. PRESIDENT.

The President shall have such general executive powers and duties of supervision and management as are usually vested in such office and shall perform such other duties as are authorized by the Board of Directors or the Chief Executive Officer. The Chairman of the Board, the Chief Executive Officer, or the President shall sign contracts, certificates and other instruments of the Corporation as authorized by the Board of Directors.

SECTION 5. VICE PRESIDENTS.

A Vice President shall have the right and power to perform all duties and exercise all authority of the President, in case of the absence of the President or upon vacancy in the office of President or delegation by the Board of Directors, until the Board of Directors otherwise provides, and shall have all power and authority usually enjoyed by a person holding the office of Vice President.

SECTION 6. SECRETARY AND ASSISTANT SECRETARIES.

The Secretary shall issue notices of all directors' and stockholders' meetings, and shall attend and keep the minutes of the same; shall have charge of all corporate books, records and papers; shall be custodian of the corporate seal; shall attest with his or her signature, which may be a facsimile signature if authorized by the Board of Directors, and impress with the corporate seal, all stock certificates and written contracts of the Corporation; and shall perform all other duties as are incident to his or her office. Any Assistant Secretary, in the absence or inability of the Secretary, shall perform all duties of the Secretary and such other duties as may be required.

SECTION 7. TREASURER AND ASSISTANT TREASURERS.

The Treasurer shall have custody of all money and securities of the Corporation and shall give bond in such sum and with such sureties as the directors may specify, conditioned upon the faithful performance of the duties of his or her office. He or she shall keep regular books of account and shall submit them, together with all of his or her records and other papers, to the directors for their examination and approval annually; and quarterly or as and when directed by the Board of Directors, he or she shall submit to each director a statement of the condition of the business and accounts of the Corporation; and shall perform all such other duties as are incident to his or her office. An Assistant Treasurer, in the absence or inability of the Treasurer, shall perform all the duties of the Treasurer and such other duties as may be required.

SECTION 8. BONDING.

Any officer or employee of the Corporation shall give such bond for the faithful performance of his or her duties in such sum, as and when the Board of Directors may direct.

ARTICLE VI
DIVIDENDS

SECTION 1. Dividends shall be paid out of the net income or earned surplus of the Corporation, determined after making proper provision for required sinking fund deposits for debt obligations and proper provisions for working capital and such reserves as may be required by good and generally accepted accounting practice, when declared from time to time by resolution of the Board of Directors. No such dividends shall be declared or paid which will impair the capital of the Corporation.

ARTICLE VII
AMENDMENTS

SECTION 1. Except as otherwise provided in the Certificate of Incorporation of the Corporation, these Bylaws may be amended, altered or repealed by the affirmative vote of a majority of the Board of Directors, subject to the power of stockholders to amend, alter or repeal the Bylaws, or as otherwise may from time to time be authorized by the laws of the State of Delaware.

ARTICLE VIII
CORPORATE SEAL

SECTION 1. The corporate seal of this Corporation shall have inscribed thereon the name of the Corporation and its state of incorporation.

SECOND AMENDMENT TO STOCKHOLDERS' AGREEMENT

THIS SECOND AMENDMENT is dated as of June 29, 2001 (this "SECOND AMENDMENT") to the Stockholders' Agreement dated as of March 30, 1999, as amended (the "STOCKHOLDERS Agreement"), by and among OraSure Technologies, Inc. (as successor to STC Technologies, Inc.), a Delaware corporation (the "COMPANY"), and the Investors identified therein. Capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Stockholders' Agreement.

WHEREAS, the Stockholders' Agreement provides the Investors with certain rights and the parties now desire to supplement and amend the terms of the Stockholders' Agreement pursuant to the terms of this Second Amendment.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Company and the Investors hereby agree as follows:

1. Limitations on Registration Rights; Holdback.

(a) The Company may delay the filing, delay the effectiveness or suspend the effectiveness of a registration statement of the Company covering Restricted Shares as contemplated by Sections 3.4, 3.5 or 3.6 of the Stockholders' Agreement or otherwise prepared by the Company (including any shelf registration statement on Form S-3) (a "REGISTRATION STATEMENT") or require the Investors to suspend sales or other dispositions of Restricted Shares under an effective Registration Statement, in each case for such time as may be required by the Company, if (i) in the Board's judgment, the sale of Restricted Shares thereunder would interfere with or be detrimental to a planned offering by the Company of any of the Company's securities, (ii) in the Board's judgment, the sale of Restricted Shares thereunder would have a material adverse effect on the business, prospects, operations, results of operations, assets, liabilities, or condition (financial or otherwise) of the Company; (iii) the Company is engaged in discussions concerning any possible merger, acquisition, financing, business combination, restructuring or sale of all or any substantial portion of the Company or its assets, or any similar transaction or (iv) the Company would be required to disclose in such Registration Statement material information that it would not otherwise be required to disclose in its filings with the Commission pursuant to the Exchange Act and that it has not then disclosed in such filings with the Commission (each an "ALLOWED DELAY"). Notwithstanding the foregoing, the Company shall not be entitled to exercise its right to defer filing or effectiveness of or to suspend sales or other dispositions under a Registration Statement pursuant to an Allowed Delay for more than ninety (90) consecutive days. In the event of an Allowed Delay, the Company shall promptly (x) notify the Investors in writing (a "DELAY Notice") of the existence (but not the substance) of the Allowed Delay and (y) advise the Investors in writing to cease all sales or other dispositions under such Registration Statement until the expiration of the period provided for in the Delay Notice. To the extent required by the Stockholders' Agreement, upon expiration of the Allowed Delay, the Company shall again be required to file, cause the effectiveness of, or permit the resumption of sales and dispositions under the Registration Statement.

-1-

(b) If the Company shall at any time register any of its securities under the Securities Act, for offer or sale to the public, then the Investors shall not make any short sale, assignment, transfer, pledge, hypothecation, gift or other disposition (including the grant of any option for sale) of any Restricted Shares (other than for the public sale of those Restricted Shares included in and sold pursuant to such registration) without the prior written consent of the Company for such period as may be designated by the Company and, if the registration shall be, in whole or in part, an underwritten offering, the managing underwriter; provided that no such period shall begin more than ten (10) days prior to the effectiveness of a Registration Statement pursuant to which such public offer or sale will be made and shall not last more than ninety (90) days after the effective date of such Registration Statement.

(c) The Company shall use its commercially reasonable efforts to keep any Registration Statement covering Restricted Shares effective, including, but not limited to, preparing and filing with the Commission such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective until the earlier of (i) the sale of all Restricted Shares covered thereby or (ii) two years following the effective date of such Registration Statement. Notwithstanding the foregoing, the Company's obligations pursuant to this Section 1(c) and Section 3 of the Stockholders Agreement are subject to the terms of Section 1(a) hereof.

2. Obligations of the Investors. In connection with any registration of the Restricted Shares, each of the Investors shall:

(a) furnish to the Company such information regarding itself, the Restricted Shares held by it and the intended method of disposition of the Restricted Shares held by it as shall be reasonably requested by the Company and shall execute such documents in connection with such registration as the Company may reasonably request;

(b) cooperate with the Company as reasonably requested by the

Company in connection with the preparation and filing of a Registration Statement or any amendment or supplement thereto;

(c) upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.7(e) of the Stockholders Agreement, immediately discontinue disposition of Restricted Shares pursuant to a Registration Statement covering such Restricted Shares until the Investor's receipt of the copies of the supplemented or amended prospectus contemplated by such Section 3.7(e) and, if so directed by the Company, deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in the Investor's possession, of the prospectus covering such Restricted Shares current at the time of receipt of the notice of the happening of an event as described in such Section 3.7(e);

(d) upon receipt of any Delay Notice, immediately discontinue the sale or disposition of Restricted Shares until the expiration of the Allowed Delay or any extension thereof pursuant to a subsequent Delay Notice; and

(e) comply with all applicable laws and regulations in connection with any sale, transfer or other disposition of Restricted Shares.

3. Indemnification. Each prospective seller, and any underwriter acting on its behalf, of Restricted Shares registered pursuant to any Registration Statement prepared by the Company, whether or not pursuant to Section 3 of the Stockholders' Agreement, will indemnify and hold harmless (in the same manner and to the same extent as set forth in Section 3.9(a) of the Stockholders' Agreement) the Company, each director of the Company, each officer of the Company who signs such Registration Statement and any person who controls the Company within the meaning of the Securities Act, with respect to any untrue statement or omission from such Registration Statement, any preliminary prospectus or final prospectus contained therein, or any amendment or supplement thereto, if such untrue statement or omission was made in reliance upon and in conformity with written information furnished to the Company through an instrument duly executed by such seller or such underwriter specifically for use in the preparation of such Registration Statement, preliminary prospectus, final prospectus or amendment or supplement; provided, however, that the maximum amount of liability in respect of such indemnification shall be limited, in the case of each prospective seller, to an amount equal to the net proceeds actually received by such prospective seller from the sale of Restricted Shares effected pursuant to such Registration Statement.

4. Acknowledgment of Obligations. Each prospective seller, and any underwriter acting on its behalf, of Restricted Shares registered pursuant to any Registration Statement prepared by the Company, whether or not pursuant to Section 3 of the Stockholders' Agreement, shall be bound by all of the applicable terms and provisions set forth in the Stockholders' Agreement and this Second Amendment.

5. Termination of Certain Provisions. Sections 2.1, 2.2, 2.4(a)(xiv), 2.4(b), 2.4(c), 2.7(e)(i), 2.9, and 2.12 of the Stockholders' Agreement are hereby terminated in their entirety and neither the Company nor any Investor shall have any further rights or obligations under such Sections.

6. Miscellaneous.

(a) Successors and Assigns. Except as otherwise expressly provided in the Stockholders' Agreement or this Second Amendment, the provisions of the Stockholders' Agreement and this Second Amendment shall bind and inure to the benefit of the Company and each of the Investors and the respective successors and assigns of the Company and each of the Investors. Subject to the requirements of Section 3 of the Stockholders' Agreement, the Restricted Shares held by the Investors and all of the rights and obligations set forth in the Stockholders' Agreement and this Second Amendment may be freely assigned, in whole or in part, by each Investor to any member of such Investor's Group; provided, however, upon the acceptance any Restricted Shares by any transferee of the Investor, such transferee shall automatically be bound by the obligations imposed under the Stockholders' Agreement and this Second Amendment to the same extent as if such transferee were an Investor. Upon any such transfer of Restricted Shares by an Investor, such Investor shall, as a condition to such transfer, deliver to the Company a written notice of such proposed transfer by which such the transferee is and the securities of the Company owned or acquired by such transferee are identified. A

transferee to whom rights are transferred pursuant to this Section 6(a) will be thereafter deemed to be an Investor for the purpose of the execution of such transferred rights and may not again transfer such rights to any other person or entity, other than as provided in this Section 6(a). Neither this Agreement nor any of the rights or duties of the Company set forth herein shall be assigned by the Company, in whole or in part, without having first received the written consent of the Investors holding a majority of the voting power of the outstanding Series A Preferred Shares held by all Investors, with each such holder entitled to the number of votes for each such share of Series A Preferred Stock as equals the number of shares of Common Stock (including fractional shares) into which each such share of Series A Preferred Stock is then convertible, rounded up to the nearest one-tenth of a share.

(b) Except as otherwise provided herein, the provisions of the Stockholders' Agreement, including, but not limited to, Section 3 thereof, shall remain in full force and effect. To the extent that the terms of the Stockholders' Agreement conflict with the terms of this Second Amendment, the terms of this Second Amendment shall control.

(c) The Stockholders' Agreement and this Second Amendment constitute the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein.

(d) Failure of any party to exercise any right or remedy under this Second Amendment or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(e) This Second Amendment shall be enforced, governed by and construed in accordance with the laws of the State of Delaware, without giving effect to conflict of laws principles. In the event that any provision of this Second Amendment is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law.

(f) This Second Amendment may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Second Amendment, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Second Amendment bearing the signature of the party so delivering this Second Amendment. This Second Amendment shall be effective upon execution by the holders of not less than fifty percent (50%) of the outstanding Restricted Shares pursuant to Section 11 of the Stockholders' Agreement.

(g) Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Second Amendment and the consummation of the transactions contemplated hereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company and the Investors have caused this Second Amendment to be duly executed as of the date first above written.

ORASURE TECHNOLOGIES, INC.

By: /s/ Robert D. Thompson
Name: Robert D. Thompson
Title: Chief Executive Officer

HEALTHCARE VENTURES V, L.P.

By: HealthCare Partners V, its General Partner

By: /s/ Jeffrey Steinberg
Name: Jeffrey Steinberg
Title: Administrative Partner

HUDSON TRUST

By:-----
Name:-----
Title:-----

PENNSYLVANIA EARLY STAGE PARTNERS, L.P.

By: Pennsylvania Early Stage Partners GP,
L.L.C., its General Partner

By: /s/ Michael Bolton
Name: Michael Bolton
Title: Managing Director