

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): February 13, 2007

OraSure Technologies, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-16537
(Commission File Number)

36-4370966
(I.R.S. Employer
Identification No.)

220 East First Street
Bethlehem, Pennsylvania
(Address of Principal Executive Offices)

18015-1360
(Zip Code)

Registrant's telephone number, including area code: 610-882-1820

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 – Results of Operations and Financial Condition.

On February 13, 2007, OraSure Technologies, Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2006. A copy of the press release is attached as Exhibit 99 to this Form 8-K and is incorporated herein by reference.

Item 9.01 – Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 99 | Press Release, dated February 13, 2007, announcing financial results of OraSure Technologies, Inc. for the quarter and year ended December 31, 2006. |

Signatures

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

ORASURE TECHNOLOGIES, INC.

Date: February 13, 2007

By: /s/ Jack E. Jerrett

Jack E. Jerrett
Senior Vice President, General Counsel
and Secretary

Index to Exhibits

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|---------------------------|--|
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Company Contact:

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Chief Financial Officer
610-882-1820
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www.orasure.com

OraSure Announces 2006 Financial Results

BETHLEHEM, PA – February 13, 2007 – (HealthWire) – OraSure Technologies, Inc. (NASDAQ: OSUR), a market leader in oral fluid diagnostics, today announced revenues of \$68.2 million and \$17.7 million for the year and quarter ended December 31, 2006, respectively. This compares to revenues of \$69.4 million and \$18.0 million for the year and quarter ended December 31, 2005, respectively.

The Company reported net income of \$5.3 million, or \$0.11 per share on a fully-diluted basis, for the full year 2006, which includes \$3.5 million for stock options required to be expensed under new accounting rules and a \$3.8 million provision for income taxes. Excluding these two charges, net income for the full year 2006 would have been \$12.5 million, or \$0.26 per share on a fully-diluted basis. These results compare to net income of \$27.4 million, or \$0.59 per share on a fully-diluted basis, for the full year 2005, which included a favorable net tax benefit of \$17.7 million or \$0.38 per share. Excluding this net tax benefit, net income for the full year 2005 would have been \$9.7 million, or \$0.21 per share on a fully-diluted basis.

For the quarter ended December 31, 2006, the Company reported net income of \$1.0 million, or \$0.02 per share on a fully-diluted basis, which includes \$0.7 million of stock option expense and a \$0.8 million provision for income taxes. Excluding these two charges, net income for the quarter ended December 31, 2006 would have been \$2.5 million, or \$0.05 per share on a fully-diluted basis. These results compare to net income of \$20.6 million, or \$0.44 per share on a fully-diluted basis, for the quarter ended December 31, 2005, which included a favorable net tax benefit contribution of \$17.7 million or \$0.38 per share. Excluding this net tax benefit, net income for the quarter ended December 31, 2005 would have been \$2.9 million, or \$0.06 per share on a fully-diluted basis.

During 2006 the Company experienced continued growth in sales of its OraQuick *ADVANCE*[®] rapid HIV-1/2 antibody test and Intercept[®] oral fluid drug test, offset by lower sales of the Company's over-the-counter cryosurgical and insurance risk assessment products.

“Strong performance from our infectious disease and substance abuse businesses was clearly the highlight in 2006,” said Douglas A. Michels, President and Chief Executive Officer of OraSure Technologies. “We generated a strong bottom line and significant cash flow from operations, despite shortfalls in revenue from our over-the-counter cryosurgical product and the absence of new government orders for our OraQuick *ADVANCE*[®] test. We also made significant progress towards the submission of our OraQuick[®] HIV test to the FDA for over-the-counter approval and in the development of an OraQuick[®] rapid hepatitis C test for professional use. I believe we are well positioned to achieve our objectives for 2007 and beyond.”

The Company's gross margin was 64% in 2006, up from the 60% in 2005. Gross margin was positively affected by the absence of a \$1.5 million charge recorded in 2005 related to a reserve for *UPlink*[®] inventory.

For the full year 2006, operating expenses increased to \$37.5 million from \$33.9 million recorded in 2005. Operating expenses for the quarter ended December 31, 2006 were \$10.7 million, compared to \$8.6 million for the comparable period in 2005. These increases were primarily attributable to higher research and development costs associated with the development and clinical work for an OraQuick *ADVANCE*[®] HIV test for home use and an OraQuick[®] hepatitis C test for professional use, higher staffing related expenses and stock option expenses, partially offset by lower legal costs and reduced advertising reimbursement related to the Company's North American over-the-counter cryosurgical product.

Cash, cash equivalents and short-term investments totaled \$91.0 million and working capital was \$96.2 million at December 31, 2006, compared to \$77.6 million and \$90.7 million, respectively, at December 31, 2005.

Cash flow from operating activities was \$17.0 million in 2006, up substantially from the \$10.4 million reported in 2005. For the quarter ended December 31, 2006, cash flow from operating activities was \$2.9 million, compared to \$2.1 million for the comparable period in 2005.

Condensed Financial Data
(In thousands, except per-share
data and percentages)
Unaudited

| | Three months ended December 31, | | Year ended December 31, | |
|--|------------------------------------|------------------|----------------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Results of Operations | | | | |
| Revenues | \$17,734 | \$ 18,031 | \$68,155 | \$ 69,366 |
| Cost of products sold | 6,240 | 7,201 | 24,756 | 27,974 |
| Gross profit | <u>11,494</u> | <u>10,830</u> | <u>43,399</u> | <u>41,392</u> |
| Operating expenses: | | | | |
| Research and development | 2,898 | 1,518 | 8,648 | 5,269 |
| Sales and marketing | 3,945 | 3,772 | 15,921 | 16,060 |
| General and administrative | 3,885 | 3,358 | 13,367 | 12,490 |
| Total operating expenses | <u>10,728</u> | <u>8,648</u> | <u>37,936</u> | <u>33,819</u> |
| Operating income | 766 | 2,182 | 5,463 | 7,573 |
| Other income, net | 1,020 | 725 | 3,599 | 2,146 |
| Pre-tax income | 1,786 | 2,907 | 9,062 | 9,719 |
| Income tax provision (benefit) | 761 | (17,729) | 3,794 | (17,729) |
| Net income | <u>\$ 1,025</u> | <u>\$ 20,636</u> | <u>\$ 5,268</u> | <u>\$ 27,448</u> |
| Earnings per share | | | | |
| Basic | <u>\$ 0.02</u> | <u>\$ 0.45</u> | <u>\$ 0.11</u> | <u>\$ 0.61</u> |
| Diluted | <u>\$ 0.02</u> | <u>\$ 0.44</u> | <u>\$ 0.11</u> | <u>\$ 0.59</u> |
| Weighted average shares: | | | | |
| Basic | <u>45,974</u> | <u>45,624</u> | <u>45,910</u> | <u>45,110</u> |
| Diluted | <u>46,434</u> | <u>47,030</u> | <u>46,580</u> | <u>46,147</u> |
| | Three months ended December 31, | | Year ended December 31, | |
| | 2006 | 2005 | 2006 | 2005 |
| Reconciliation of Non-GAAP Financial Measures | | | | |
| Net income – before charges | \$ 2,519 | \$ 2,907 | \$12,512 | \$ 9,719 |
| Stock option expense | (733) | — | (3,450) | — |
| Income tax provision (benefit) | 761 | (17,729) | 3,794 | (17,729) |
| Net income – GAAP basis | <u>\$ 1,025</u> | <u>\$ 20,636</u> | <u>\$ 5,268</u> | <u>\$ 27,448</u> |
| Diluted earnings per share – before charges | \$ 0.05 | \$ 0.06 | \$ 0.26 | \$ 0.21 |
| Stock option expense | (0.01) | — | (0.07) | — |
| Income tax provision (benefit) | (0.02) | 0.38 | (0.08) | 0.38 |
| Diluted earnings per share – GAAP basis | <u>\$ 0.02</u> | <u>\$ 0.44</u> | <u>\$ 0.11</u> | <u>\$ 0.59</u> |

| | Three months ended December 31, | | | | |
|-----------------------------------|---------------------------------|-----------------|-------------|---------------------------------|-------------|
| | Dollars | | % Change | Percentage of Total Revenues | |
| | 2006 | 2005 | | 2006 | 2005 |
| Market Revenues | | | | | |
| Infectious disease testing | \$ 7,943 | \$ 6,316 | 26% | 45% | 35% |
| Substance abuse testing | 4,058 | 3,459 | 17 | 23 | 19 |
| Cryosurgical systems | 4,269 | 6,742 | (37) | 24 | 37 |
| Insurance risk assessment | 1,437 | 1,451 | (1) | 8 | 8 |
| Product revenues | 17,707 | 17,968 | (1) | 100 | 99 |
| Licensing and product development | 27 | 63 | (57) | — | 1 |
| Total revenues | <u>\$17,734</u> | <u>\$18,031</u> | (2)% | <u>100%</u> | <u>100%</u> |

| | Year ended December 31, | | | | |
|-----------------------------------|-------------------------|-----------------|-------------|---------------------------------|-------------|
| | Dollars | | % Change | Percentage of Total Revenues | |
| | 2006 | 2005 | | 2006 | 2005 |
| Market Revenues | | | | | |
| Infectious disease testing | \$29,180 | \$25,988 | 12% | 43% | 37% |
| Substance abuse testing | 15,752 | 13,519 | 17 | 23 | 19 |
| Cryosurgical systems | 17,333 | 22,744 | (24) | 25 | 33 |
| Insurance risk assessment | 5,565 | 6,815 | (18) | 8 | 10 |
| Product revenues | 67,830 | 69,066 | (2) | 99 | 99 |
| Licensing and product development | 325 | 300 | 8 | 1 | 1 |
| Total revenues | <u>\$68,155</u> | <u>\$69,366</u> | (2)% | <u>100%</u> | <u>100%</u> |

| | Three months ended December 31, | | | Year ended December 31, | | |
|------------------------------|------------------------------------|-----------------|-------------|----------------------------|-----------------|-------------|
| | 2006 | 2005 | % Change | 2006 | 2005 | % Change |
| | OraQuick® Revenues | | | | | |
| Direct to U.S. Public Health | \$ 4,475 | \$ 2,364 | 89% | \$15,268 | \$ 8,292 | 84% |
| Abbott | 1,674 | 1,350 | 24 | 6,897 | 4,929 | 40 |
| SAMHSA | 150 | 1,155 | (87) | 406 | 3,741 | (89) |
| CDC | 282 | 1 | N/A | 1,291 | 2,322 | (44) |
| International | 509 | 438 | 16 | 1,694 | 1,530 | 11 |
| Direct to Hospitals | — | 4 | — | — | 740 | — |
| Total OraQuick® revenues | <u>\$ 7,090</u> | <u>\$ 5,312</u> | 33% | <u>\$25,556</u> | <u>\$21,554</u> | 19% |

| | Three months ended | | | Year ended | | |
|----------------------------|--------------------|-----------------|------|-----------------|-----------------|-----|
| | December 31, | | % | December 31, | | % |
| | 2006 | 2005 | | 2006 | 2005 | |
| Intercept® Revenues | | | | | | |
| Workplace testing | \$ 1,871 | \$ 1,361 | 37% | \$ 6,616 | \$ 5,661 | 17% |
| Criminal Justice | 600 | 697 | (14) | 2,398 | 2,269 | 6 |
| International | 636 | 554 | 15 | 2,314 | 1,956 | 18 |
| Direct | 200 | 189 | 6 | 728 | 563 | 29 |
| Total Intercept® revenues | <u>\$ 3,307</u> | <u>\$ 2,801</u> | 18% | <u>\$12,056</u> | <u>\$10,449</u> | 15% |

| | Three months ended | | | Year ended | | |
|-----------------------------|--------------------|-----------------|-------|-----------------|-----------------|-------|
| | December 31, | | % | December 31, | | % |
| | 2006 | 2005 | | 2006 | 2005 | |
| Cryosurgery Revenues | | | | | | |
| Professional domestic | \$ 1,203 | \$ 1,638 | (27)% | \$ 5,360 | \$ 5,888 | (9)% |
| Professional international | 788 | 622 | 27 | 2,284 | 2,018 | 13 |
| OTC domestic | 1,216 | 1,160 | 5 | 5,174 | 10,560 | (51) |
| OTC international | 1,062 | 3,322 | (68) | 4,515 | 4,278 | 6 |
| Total cryosurgery revenues | <u>\$ 4,269</u> | <u>\$ 6,742</u> | (37)% | <u>\$17,333</u> | <u>\$22,744</u> | (24)% |

| | | December 31, 2006 | December 31, 2005 |
|---|--|-------------------|-------------------|
| Balance Sheets | | | |
| <u>Assets</u> | | | |
| Cash, cash equivalents and short-term investments | | \$ 91,001 | \$ 77,620 |
| Accounts receivable, net | | 10,357 | 11,602 |
| Inventories | | 5,535 | 4,128 |
| Current portion of deferred tax asset | | 3,931 | 6,504 |
| Other current assets | | 1,990 | 1,553 |
| Property and equipment, net | | 17,375 | 5,815 |
| Deferred tax asset, less current portion | | 19,590 | 20,205 |
| Other non-current assets | | 6,786 | 3,320 |
| Total assets | | <u>\$ 156,565</u> | <u>\$ 130,747</u> |
| <u>Liabilities and Stockholders' Equity</u> | | | |
| Current portion of long-term debt | | \$ 609 | \$ 456 |
| Accounts payable | | 3,312 | 2,547 |
| Accrued expenses | | 12,658 | 7,734 |
| Long-term debt, less current portion | | 10,031 | 884 |
| Other liabilities | | 359 | 207 |
| Stockholders' equity | | 129,596 | 118,919 |
| Total liabilities and stockholders' equity | | <u>\$ 156,565</u> | <u>\$ 130,747</u> |

| | <u>December 31, 2006</u> | <u>December 31, 2005</u> |
|--|--------------------------|--------------------------|
| Additional Financial Data | | |
| Capital expenditures | \$ 12,643 | \$ 2,048 |
| Depreciation and amortization | \$ 1,923 | \$ 2,347 |
| Accounts receivable – days sales outstanding | 55 days | 61 days |

Non-GAAP Financial Measures

Net income - before charges and diluted earnings per share - before charges, each exclude the impact of stock option expensing and income tax provisions. These financial measures should not be considered an alternative to net income or diluted earnings per share, respectively, which are indicators of operating performance determined in accordance with GAAP. OraSure Technologies believes that net income - before charges and diluted earnings per share - before charges, although non-GAAP financial measures, are also useful and meaningful to investors because they provide investors with the Company's underlying earnings performance as another criterion in making their investment decisions. OraSure's management also uses these calculations in measuring certain corporate performance goals. Other companies may use different measures to present financial information.

Conference Call

The Company will host a conference call and audio webcast to discuss the Company's fourth quarter and full year 2006 financial results and to provide an update on major business objectives and financial guidance (including underlying assumptions) for 2007, beginning today at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time). On the call will be Douglas A. Michels, President and Chief Executive Officer, and Ronald H. Spair, Chief Financial Officer and Chief Operating Officer. The call will include prepared remarks by management and a question and answer session. A copy of the prepared remarks by management will be included in a Current Report on Form 8-K filed with the Securities and Exchange Commission during the call.

In order to listen to the conference call, please either dial 888-742-2024 (Domestic) or 706-643-0033 (International) and reference Conference ID #6554283, or go to OraSure Technologies' Web site, www.orasure.com, and click on the Investor Info link. A replay of the call will be archived on OraSure Technologies' web site shortly after the call has ended and will be available for seven days. A replay of the call can also be accessed until February 20, 2007, by dialing 800-642-1687 (Domestic) or 706-645-9291 (International) and entering the Conference ID #6554283.

About OraSure Technologies

OraSure Technologies develops, manufactures and markets oral fluid specimen collection devices using proprietary oral fluid technologies, diagnostic products including immunoassays and other in vitro diagnostic tests, and other medical devices. These products are sold in the United States as well as internationally to various clinical laboratories, hospitals, clinics, community-based organizations and other public health organizations, distributors, government agencies, physicians' offices, and commercial and industrial entities.

OraSure Technologies is the leading supplier of oral-fluid collection devices and assays to the life insurance industry and public health markets for the detection of HIV. In addition, the Company supplies oral-fluid testing solutions for drugs of abuse testing. For more information on the Company, please go to <http://www.orasure.com>.

Important Information

This press release contains certain forward-looking statements, including with respect to product purchases and testing initiatives. Actual results could be significantly different. Factors that could affect results include the ability to market and sell products; changes in relationships, including disputes or disagreements, with strategic partners and reliance on strategic partners for the performance of critical activities under collaborative arrangements; failure of distributors or other customers to meet purchase forecasts or minimum purchase requirements for the Company's products; impact of competitors, competing products and technology changes; ability to develop, commercialize and market new products; market acceptance of oral fluid testing or other products; changes in market acceptance of products based on product performance; continued bulk purchases by customers, including governmental agencies, and the ability to fully deploy those purchases in a timely manner; ability to fund research and development and other products and operations; ability to obtain and maintain new or existing product distribution channels; reliance on sole supply sources for critical product components; availability of related products produced by third parties or products required for use of our products; ability to obtain, and timing and cost of obtaining, necessary regulatory approvals for new products or new indications or applications for existing products; ability to comply with applicable regulatory requirements; history of losses and ability to achieve sustained profitability; volatility of our stock price; uncertainty relating to patent protection and potential patent infringement claims; uncertainty and costs of litigation relating to patents and other intellectual property; availability of licenses to patents or other technology; ability to enter into international manufacturing agreements; obstacles to international marketing and manufacturing of products; ability to sell products internationally; loss or impairment of sources of capital; ability to meet financial covenants in agreements with financial institutions; ability to retain qualified personnel; exposure to product liability, patent infringement, and other types of litigation; changes in international, federal or state laws and regulations; customer consolidations and inventory practices; equipment failures and ability to obtain needed raw materials and components; the impact of terrorist attacks and civil unrest; ability to complete consolidation or restructuring activities; ability to identify, complete and realize the full benefits of

potential acquisitions; and general political, business and economic conditions. These and other factors are discussed more fully in the Securities and Exchange Commission (“SEC”) filings of OraSure Technologies, including its registration statements, its Annual Report on Form 10-K for the year ended December 31, 2005, its Quarterly Reports on Form 10-Q, and its other filings with the SEC. Although forward-looking statements help to provide complete information about future prospects, readers should keep in mind that forward-looking statements may not be reliable. The forward-looking statements are made as of the date of this press release and OraSure Technologies undertakes no duty to update these statements.

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