SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)

[X] Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2000

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 No. 1-10492

ORASURE TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	36-4370966
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

150 Webster Street Bethlehem, Pennsylvania	18015
(Address of principal executive offices)	(Zip code)

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

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

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

Common Stock, $.000001 par value per share
(Title of Class)

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 [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

State the aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of March 16, 2001: $176,268,488

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of March 16, 2001: 36,502,385 shares.

Documents Incorporated by Reference:

Portions of Registrant's Definitive Proxy Statement for the 2001 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report.

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PART I

Statements contained in this Annual Report on Form 10-K regarding future events or performance are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The Company's actual results could be quite different from those expressed or implied by the forward-looking statements. Factors that could affect results are discussed more fully under the Sections entitled "Forward-Looking Statements" and "Risk Factors" in Item 1 and elsewhere in this Report. Although forward-looking statements help to provide complete information about the Company, readers should keep in mind that forward-looking statements may not be reliable. Readers are cautioned not to place undue reliance on the forward-looking statements.

PART I

ITEM 1. BUSINESS.

On September 29, 2000, STC Technologies, Inc., a Delaware corporation ("STC"), and Epitope, Inc., an Oregon corporation ("Epitope"), were merged (the "Merger") into OraSure Technologies, Inc. ("OraSure Technologies" or the "Company"), a new corporation that was organized on May 5, 2000 under Delaware law solely for the purposes of combining STC and Epitope and changing the state of incorporation of Epitope from Oregon to Delaware. The companies were merged pursuant to an Agreement and Plan of Merger, dated May 6, 2000 (the "Merger Agreement"), by and among Epitope, STC and the Company. The stockholders of STC and Epitope approved the Merger Agreement on September 29, 2000.

The Merger was structured as an all-stock transaction valued at $260 million. As a result of the Merger, (i) each share of STC common stock was converted into the right to receive five and two hundred ninety-six one thousandths (5.296) shares of the Company's Common Stock and (ii) each share of Epitope common stock was converted into the right to receive one share of the Company's Common Stock. The Merger has been accounted for as a "pooling of interests."

The Merger is expected to leverage the Company's expertise in oral fluid technology, infectious disease testing and substance abuse testing. By building upon the complementary product portfolios, technologies and sales infrastructures of Epitope and STC, the Company intends to open up new markets in the United States and other countries and strengthen its position in key markets such as the rapidly expanding point-of-care market. In particular, the proprietary up-converting phosphor technology contributed by STC has broad applications for oral fluid testing. With the increased sensitivity and accuracy of this technology, the Company believes it can continue to expand the menu of tests available for oral fluid point-of-care testing. This same basic technology is also expected to be of significant benefit to other medical diagnostic manufacturers outside the expertise contributed by Epitope and STC. For many of these additional applications, OraSure Technologies plans to license these other companies to provide an ongoing revenue stream of license fees and royalties.

PRODUCTS

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

OraSure Technologies' business focuses on the following principal platform technologies: (1) the OraSure(R) oral fluid collection device, (2) the OraQuick(R) rapid diagnostics test device, and (3) the new up-converting phosphor technology ("UPT"), including its first application, UPlink(TM), a lateral flow testing system for various analytes. In addition, the Company sells certain other products, including the Histofreezer(R) cryosurgical system, certain immunoassay tests and reagents for insurance risk assessment and forensic toxicology applications, an oral fluid Western Blot confirmatory test for HIV-1, and the Q.E.D. (R) Saliva Alcohol Test.

OraSure(R) Collection Device

The Company's OraSure oral fluid collection device is used in conjunction with screening and confirmatory tests for HIV-1 antibodies and other analytes. The OraSure device consists of a small, treated cotton-fiber pad on a nylon

handle that is placed in a person's mouth for two minutes. The device collects oral mucosal transudate ("OMT"), a serum-derived fluid that contains higher concentrations of antibodies than saliva. As a result, OMT testing is a highly accurate method for detecting HIV infection and other analytes. The Company believes that oral fluid testing has several significant advantages over blood or urine-based testing systems for both healthcare professionals and individuals being tested, including eliminating the risks of needle-stick accidents, providing a noninvasive collection technique, requiring minimal training to administer, providing rapid and efficient collection in almost any setting, and eliminating the cost of a trained healthcare professional to administer.

The Company has received clearance from the U.S. Food and Drug Administration ("FDA") to sell the OraSure oral fluid collection device to professional markets for use with a laboratory-based enzyme immunoassay ("EIA") screening test for HIV-1 antibody detection. HIV-1 antibody detection using the OraSure collection device involves three steps: (1) collection of an oral fluid specimen using the OraSure device, (2) screening of the specimen for HIV-1 antibodies at a laboratory with an EIA screening test, and (3) laboratory confirmation of any positive screening test results with the OraSure Western Blot confirmatory test (described below). A trained healthcare professional then conveys test results and provides appropriate counseling to the individual who was tested. The Company has also received clearance for use of the OraSure collection device with EIAs to test for cocaine and for cotinine (a metabolite of nicotine) in oral fluid specimens.

The Company markets the OraSure collection device in the insurance market for the screening of life insurance applicants for HIV-1, cocaine and cotinine, and in the physician office and public health markets for HIV-1 testing.

A collection device substantially similar to the OraSure device is included as part of the Company's Intercept(TM) oral fluid drug test service. The Company has received FDA clearance to use the Intercept collection device with EIAs to test for drugs of abuse commonly known as the NIDA-5 (i.e. cannabinoids (marijuana), cocaine, opiates, amphetamines, and phencyclidine ("PCP")) and for benzodiazepines, barbiturates, and methadone. Intercept was launched for the workplace testing, public health, criminal justice and drug rehabilitation markets in February 2000. In 1999, the Company entered into an exclusive agreement with LabOne, Inc., pursuant to which the Company agreed to exclusively sell, and LabOne agreed to exclusively purchase and distribute, Intercept collection devices and associated reagents for drugs-of-abuse testing in the workplace testing market in the United States and Canada. Under the agreement, LabOne provides all laboratory services necessary to test oral fluid specimens collected by customers including screening and confirmatory studies. The term of the agreement runs until December 31, 2002, with automatic yearly renewals unless either party gives notice at least 180 days prior to the end of the then-current term.

The Company believes that the Intercept service has several advantages over certain competing products for drugs-of-abuse testing, including its non-invasive nature, the ease of maintaining a chain-of-custody without embarrassment to the person being tested, and the lack of requirement for specially prepared collection facilities. The availability of an oral fluid test is intended to allow workplace administrators to test for impairment on demand, eliminate scheduling costs, and streamline the testing process.

OraQuick(R)
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The OraQuick device is the Company's recently developed rapid test designed to test an oral fluid, whole blood or serum/plasma sample for the presence of various antigens. The device includes a porous flat pad used to collect an oral fluid specimen. After collection, the pad is inserted into a vial containing a pre-measured amount of developer solution and allowed to develop. When whole blood, serum or plasma is to be tested, a loop collection device is used to collect the sample and mix it in the developer solution, after which the collection pad is inserted into the solution. The specimen and solution then flow through the testing device where test results are observable in approximately 20 minutes. No laboratory-based EIA is required, as the OraQuick test is visually read shortly after the specimen is collected.

The first product utilizing this technology is the OraQuick HIV-1/2 device, a rapid test for the presence of antibodies against HIV-1 and HIV-2. On June 23, 2000, the Company received approval for an Investigational Device Exemption ("IDE") from the FDA authorizing the commencement of formal clinical trials for the OraQuick HIV-1/2

device. Clinical trials in the United States are underway, although the Company has experienced difficulty in recruiting a sufficient number of known positive subjects. Due to the critical need for an FDA-cleared rapid HIV test, the Company, after consultation with the FDA and the Centers for Disease Control and Prevention ("CDC"), has decided to submit an initial application for FDA clearance for testing of whole blood, serum and plasma during the second quarter of 2001. This decision was based on OraSure Technologies' belief that a whole blood clinical trial could be completed more quickly than one involving oral fluid. The Company is continuing its oral fluid clinical trials and expects to submit an application for FDA clearance of oral fluid tests during the third quarter of 2001.

The Company has received approval from the CDC to use the OraQuick HIV-1/2 test in a CDC-sponsored IDE. The CDC has identified several key areas for use of the OraQuick HIV-1/2 device in the IDE, including certain public hospitals in five U.S. metropolitan areas with relatively high HIV sero-prevalence among pregnant women, AIDS service organizations, community-based organizations, outreach programs, and selected hospital emergency departments and outpatient clinics. At the CDC's Rapid Diagnostic's Meeting in February 2001, the CDC released the most recent results of its ongoing multi-product, rapid HIV test study. These results indicated a 100% sensitivity and 99.5% specificity for the OraQuick device with whole blood samples.

In July 2000, the Company introduced the OraQuick HIV-1/2 device for sale outside the United States at the International AIDS Conference in Durban, South Africa. Clinical tests for the OraQuick HIV-1/2 device have been completed in Thailand, with the results demonstrating 100% sensitivity and 99.9% specificity.

The Company intends to market the OraQuick HIV-1/2 product in the hospital, physician office and public health markets focusing initially on international markets. The Company recently entered into an agreement for the distribution of the OraQuick HIV-1/2 device in Sub-Saharan Africa, with $5 million in revenues expected from minimum quantities required to be purchased under the agreement during the first year. Distribution agreements have been entered into or are being pursued in numerous other countries.

The Company may need to obtain licenses or other rights under, or to enter into distribution or other business arrangements in connection with, certain HIV-2 and lateral flow patents, some of which have been obtained, in order to market the OraQuick HIV-1/2 device in the United States and certain other countries. See the Section entitled "Risk Factors - Patent Issues Affecting OraQuick" for a further discussion of these issues.

UPT(TM)and UPlink(TM)
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UPT(TM) Technology. UPT is a proprietary label detection platform being
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developed by the Company that uses phosphor particles to detect minute quantities of various substances such as drugs, proteins, and DNA. UPT is based on the use of a unique patented technology which is used to detect the presence of specific substances in tests designed by the Company. UPT utilizes the same particle shell that is coated onto a television screen, but the internal chemistry of the particle has been changed. These changes result in a particle that is excited by infrared light as compared to an ultraviolet light source for television. OraSure Technologies and its research partners have developed phosphorescent particles that up-convert infrared light to visible light, which the Company is using to develop several applications.

Phosphor particles have been used for decades in television screens and in fluorescent light bulbs. When ultraviolet light strikes the phosphor-coated area in a screen or bulb, it excites the particles and colored light is produced. The Company's patented improvements on this base technology employ chemical changes inside the phosphor particles so that infrared light can be used to produce a colored signal. This use of infrared light to create a colored signal is called up-conversion as opposed to down-conversion, which occurs in phosphors designed to be used with ultraviolet light.

The use of infrared light to excite the phosphor particles and produce a colored light signal creates an important competitive advantage for the technology in biological systems, especially human clinical diagnostics. Existing enzyme or fluorescent-based assays employ visible or ultraviolet light to generate the signals from the enzyme substrate or fluorescent molecules used as reporter signals in these systems. The disadvantage of using light in the

visible or ultraviolet portion of the spectrum is that often molecules in the cells or samples for analysis can also produce colored light (background interference) from these excitation sources. When this occurs, a non-specific signal is generated which dilutes or obscures the signal of interest for the diagnostic test being administered. Because up-conversion does not occur in nature, biological samples and specimens will not produce light, and therefore, will not cause background interference when excited by infrared light.

The Company believes that UPT overcomes some of the limitations of other diagnostic detection methods and offers features not commercially available today. The fact that UPT testing produces zero background interference dramatically increases the potential sensitivity of any test system. UPT particles also offer the following other key competitive features:

- Ability to detect biological markers for several substances simultaneously
- Stability in a variety of biological specimens
- A permanent test record not subject to fading
- Applicability to a variety of instrument platforms
- A low-cost detection method that is easy to use
- Compatibility with alternative testing matrices such as oral fluid, blood or others
- Ability to miniaturize the test platform

The Company has reached important milestones in the development of UPT, including improving the manufacturing process to produce UPT particles, working to optimize UPT particle coating techniques, producing four distinct colors of UPT particles to begin experiments on the simultaneous detection of multiple biological markers to permit multiplexing, demonstrating initial feasibility for the use of UPT particles in drugs-of-abuse, infectious disease, cancer, and limited DNA detection applications, and developing a UPT collector, test cassette and reader for a variety of applications.

UPlink(TM). UPlink is the Company's first product application based on UPT.
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UPlink is designed to be a rapid, point-of-care system utilizing a collector, lateral flow test cassette, and reader, which provides instrument-read quantitative results in about 10 minutes on a variety of samples, including without limitation oral fluid, blood, serum, urine and stool samples.

In March 2000, the Company signed a research and development agreement with Drager Sicherheitstechnik GmbH ("Drager"), a European manufacturer and supplier of medical and safety technology products for health care and industrial applications, to develop and optimize the UPlink system for rapid detection of drugs of abuse in oral fluid. The UPlink system developed with Drager is expected to be marketed to law enforcement officials as a system for rapidly assessing whether a subject is under the influence of one or more drugs of abuse. As part of the research and development agreement, the Company received a non-refundable fee and will receive additional fees upon achievement of technical milestones. Upon successful completion of such research and development activities, Drager has the option to become the Company's exclusive worldwide distributor of the UPlink drugs-of-abuse test cassette and reader developed under the research and development agreement to law enforcement officials for use in rapidly assessing whether a subject is taking one or more drugs-of-abuse substances.

In December 2000, the Company submitted an application for 510(k) clearance from the FDA for its UPlink reader and three oral fluid drugs-of-abuse assays - cocaine, opiates and amphetamines. A similar application for two additional oral fluid assays -marijuana and PCP - is expected to be submitted to the FDA during the second quarter of 2001. The Company expects to commence commercial sales of UPlink for oral fluid drugs-of-abuse testing in the second half of 2001.

In September 2000, OraSure Technologies signed a research and development agreement with Meridian Bioscience, Inc. (formerly Meridian Diagnostics, Inc.) ("Meridian"), a fully integrated medical diagnostics company. Under this agreement, the Company and Meridian plan to develop a broad range of UPlink point-of-care tests for the rapid detection of parasites, and gastrointestinal and upper respiratory diseases. Pursuant to a related supply agreement, Meridian will distribute worldwide the readers and lateral flow cassettes developed under the research and development agreement. The Company will receive payments upon achievement of certain milestones and royalties from the sale of the readers and testing devices. OraSure Technologies has commenced work on the development of

two tests under the research and development agreement and expects to submit an application for FDA 510(k) clearance of a number of tests in the third quarter of 2001. The Company also expects to begin shipping tests for international distribution by Meridian during the second half of 2001.

Histofreezer(R)
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In 1991, the Company became the exclusive U.S. distributor of the Histofreezer Portable Cryosurgical System, a low-cost alternative to liquid nitrogen and other eradication methods for removal of benign epidermal lesions. In June 1998, the Company acquired the Histofreezer product from Koninklijke, Utermohlen, N.V., The Netherlands. As part of the acquisition, the Company established a sales office in Reeuwijk, The Netherlands, and is now integrating a dealer network in more than 20 countries worldwide.

Histofreezer is a mixture of two environmentally friendly cryogenic gases in a small aerosol canister. When released, these gases are delivered to a specially designed foam bud, cooling the bud to -55C. The frozen bud is then applied to the lesion for 20 to 40 seconds creating localized destruction of the target area. Histofreezer is sold in two sizes of canisters. Histofreezer sales have been targeted to primary care physicians such as pediatricians, general and family practitioners, and other physician segments that traditionally referred patients to dermatologists to remove warts. The Company has established a national network of distributors to reach the physician office market in the United States

Immunoassay Tests and Reagents
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The Company develops and sells immunoassay tests in two formats, MICRO-PLATE and AUTO-LYTE(R), to meet the specific needs of its customers. Both types of assays are sold as finished kits.

AUTO-LYTE tests are sold as bottles of reagents. The reagents are used with commercially available automated analytical instruments which are manufactured by a variety of third parties. AUTO-LYTE tests provide medium sensitivity to detect substances comprised of small molecules. AUTO-LYTE is typically used in high volume, automated, commercial reference laboratories. Test results are produced faster, allowing for higher throughput.

In the MICRO-PLATE kit, the sample to be tested is placed into a microwell along with the reagents. The result of the test is determined by the color of the microwell upon completion of the reaction. Controlling the reaction involves the use of a variety of reagents by laboratory personnel. Test results are analyzed by any of a variety of commercially available laboratory instruments which are generally not provided by the Company. The test kit is commonly used for high sensitivity measurement of substances comprised of both large and small molecules. OraSure Technologies has used this testing format to develop tests that detect substances in urine, serum, and oral fluid specimens. The MICRO-PLATE assays generally have greater sensitivity than the AUTO-LYTE assays.

OraSure Technologies currently markets the MICRO-PLATE oral fluid test for use in screening life insurance applicants to test for two of the most important underwriting risk factors: cocaine and cotinine (a metabolite of nicotine). The Company sells the reagents to insurance testing laboratories, which may in turn provide the laboratory testing to insurance companies, often in combination with the OraSure oral fluid collection device. AUTO-LYTE tests are marketed for use in testing urine samples for cocaine and cotinine and for performing a variety of urine chemistries for insurance risk assessment purposes.

The Company also develops, manufactures, and sells toxicology and drugs-of-abuse tests in the MICRO-PLATE format. These MICRO-PLATE tests can be performed on commonly used instruments and can detect drugs in urine, serum, and sweat specimens. MICRO-PLATE tests are also used as part of the Intercept product line to detect drugs-of-abuse in oral fluid specimens. The Company's toxicology and drugs-of-abuse test products are currently sold in the forensic toxicology, criminal justice, drug rehabilitation and workplace testing markets.

Whenever possible, the Company enters into multi-year purchase agreements and reagent rental agreements with its customers. These agreements generally are entered into with a laboratory which has agreed to purchase a minimum number of tests over a two-to-five-year period. The Company also offers these customers the option of a reagent rental agreement pursuant to which the Company provides the tests as well as analytical laboratory equipment.

Western Blot Confirmatory Tests
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The Company markets an oral-based HIV-1 Western Blot confirmatory test that received FDA clearance in 1996. This test uses the original specimen collected with the OraSure oral fluid collection device to confirm positive results of initial OraSure HIV-1 screening tests. The oral fluid Western Blot HIV-1 confirmatory test is marketed under an exclusive arrangement with Organon Teknika Corporation.

In February 2001, the Company announced the indefinite suspension of the production of EPIblot, a serum-based Western Blot HIV-1 confirmatory test. The serum Western Blot product accounted for approximately 5% of the Company's 2000 revenue, but has been consistently unprofitable because of low production yields and the high cost of ensuring the quality of the end product.

Q.E.D.(R) Saliva Alcohol Test
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The Q.E.D. Saliva Alcohol Test is an on-site, cost-effective test device which is an alternative to breath or blood alcohol testing. The test is a quantitative, saliva-based method for the detection of ethanol, and has been cleared for sale by the FDA and the U.S. Department of Transportation ("DOT"). The product received a Clinical Laboratory Improvement Act of 1988 ("CLIA") waiver in 1997. Each Q.E.D. test kit contains a collection stick which is used to collect a sample of saliva and a disposable detection device that displays results in a format similar to a thermometer. The Q.E.D. device is easy to operate and instrumentation is not required to read the result. The product line comes in two testing ranges, 0 to 0.145% and 0 to 0.30% blood alcohol, and produces results in two to five minutes.

The markets for alcohol testing are relatively small and fragmented with a broad range of legal and procedural barriers to entry. Markets range from law enforcement testing to workplace testing of employees in safety sensitive occupations. The Q.E.D. test has been successfully adopted by end users in the petroleum, heavy construction, trucking, and retail businesses because it is a cost-effective, portable, easy-to-administer, quantitative testing method. Typical usage situations include pre-employment, random, post-accident, reasonable-cause, and return-to-duty testing.

PRODUCTS UNDER DEVELOPMENT

OraSure Applications
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Oral mucosal transudate contains many constituents found in blood serum, although in lower concentrations. The Company therefore believes the OraSure device is a platform technology with a wide variety of potential applications beyond HIV-1 and drugs-of-abuse testing. For example, the OraSure device may be useful for the diagnosis of a variety of infectious diseases or conditions in addition to HIV-1, such as viral hepatitis, syphilis and diabetes. The National Institutes of Health ("NIH") approved a grant of approximately $1 million to fund Phase II of the Company's project to develop a screening and confirmation test for syphilis using an oral fluid sample collected with the OraSure device. The Company previously received a grant of $118,000 from the NIH as funding for Phase I of this project, which was completed in 2000. OraSure Technologies has also entered into an agreement with LabOne to develop a laboratory-based oral fluid screening test for Hepatitis C using the OraSure collection device. The Company is presently developing an improved formulation of the OraSure device, to be called OraSure II, which will be designed to improve the effectiveness of collecting and preserving human antibodies in oral fluid for infectious disease testing and is expected to be more cost effective.

The Company is also developing additional drug assays to be used in connection with its Intercept product line in the insurance testing, criminal justice and drug rehabilitation markets.

OraQuick Platform
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The Company believes that OraQuick has significant potential as a rapid test for physician offices, hospitals and other professional use. Like OraSure, the Company believes that OraQuick provides a platform technology that can

be modified for detection of a variety of infectious diseases in addition to HIV, such as viral hepatitis, syphilis and other diseases.

UPT and UPlink Development

The Company is in the final stages of developing an UPlink system for rapid drugs-of-abuse testing under its agreement with Drager and for its own commercial applications in the U.S. The Company has commenced development of three tests for infectious diseases and expects to commence development of additional tests later in 2001 for other infectious diseases under its agreement with Meridian. Other potential applications of UPT include thyroid testing, cancer testing, cardiac testing and therapeutic drug monitoring. In addition, the Company is studying the feasibility of using UPT labels for the detection of infectious diseases with DNA probes.

Western Blot Confirmatory Test

The Company is developing an improved Western Blot confirmatory test for HIV-1, which will be designed for use on oral fluid, whole blood, and serum\plasma specimens.

RESEARCH AND DEVELOPMENT

In 2000, research and development activities focused on the development of the OraQuick HIV-1/2 rapid test (including significant clinical trials, validation and scale-up expenses), development of the UPlink reader, test cassette and collector for drugs-of-abuse applications, DNA feasibility studies, and regulatory compliance. In addition, the Company also performed research and development activities with respect to additional Intercept products, new antibody development, and improvements to existing products.

The Company supplements its own research and development activities by funding external research. The Company has been funding, and will continue to fund, research at Leiden University, SRI International, and Lehigh University.

Research and development expenses totaled approximately $10.4 million in 2000, $5.6 million in 1999, and $4.5 million in 1998.

SALES AND MARKETING

The Company's strategy is to reach its major target markets through a combination of direct sales, strategic partnerships, and independent distributors. The Company's marketing strategy is to raise awareness of its products through a mix of trade shows, print advertising, and distributor promotions to support sales to each target market.

The Company markets its products in the United States and internationally. Product revenue attributable to customers in the United States amounted to $24.8 million, $21.4 million, and $17.8 million in 2000, 1999 and 1998, respectively. Revenues attributable to international customers amounted to $4.0 million, $2.7 million, and $2.6 million in 2000, 1999 and 1998, respectively.

Insurance Testing

The Company currently markets the OraSure oral fluid collection device for use in screening life insurance applicants in the U.S. and internationally to test for three of the most important underwriting risk factors: HIV-1, cocaine, and cotinine (a metabolite of nicotine). The Company sells the devices to insurance testing laboratories, which in turn provide the devices to insurance companies, usually in combination with testing services. The Company maintains a direct sales force that promotes use of the OraSure device directly to insurance companies. Insurance companies then make their own decision regarding which laboratory to use to supply their collection devices and testing services.

Because insurance companies are in various stages of their adoption of the OraSure device, there exists a wide range of policy limits where the product is being applied. Some insurance companies have chosen to extend their testing to lower policy limits where they did not test at all before, while others have used OraSure to replace some of their blood-based testing. The Company's sales force continues to encourage additional insurance companies to use OraSure and to extend the use of the product by existing customers. Several companies have expanded use of OraSure in "Preferred" products in addition to the $1 million and higher dollar policy amounts. This expansion is attributable to several factors, including increasing comfort with the reliability of oral fluid testing following its successful use, the high quality of test results, the low cost of oral fluid testing relative to blood tests, and the ease of use of OraSure.

The Company also sells its AUTO-LYTE and MICRO-PLATE assays and reagents in the insurance testing market directly to laboratories. AUTO-LYTE assays are used principally to test urine samples for cotinine and other metabolites and to perform urine chemistries for risk assessment purposes. MICRO-PLATE assays are used principally to test oral fluid specimens collected with the OraSure device for cocaine and cotinine.

Public Health and Physician Office Markets
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The Company's sales personnel market its products directly to customers in the public health market. This market consists of a broad range of clinics and laboratories and includes states, counties, and other governmental agencies, colleges and universities, correctional facilities and the military. There are also a number of similar organizations in the public health market such as AIDS service organizations and various community-based organizations set up primarily for the purpose of encouraging and enabling HIV-1 testing. To better serve this market, the Company has entered into agreements with LabOne and Heritage Labs to provide prepackaged OraSure test kits, with prepaid laboratory testing and specimen shipping costs included. The Company also began distributing the OraQuick HIV-1/2 device in the public health markets internationally through independent distributors in December 2000.

The Company sells the Histofreezer product line to distributors that market to more than 150,000 primary care physicians and podiatrists in the U.S. Major U.S. distributors include McKesson HBOC, Physicians Sales & Service, Bergen Brunswig, and Henry Schein. Internationally, the Company markets Histofreezer in a number of countries through a network of distributors, the largest of which is B. Braun.

Substance Abuse
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The Company's substance abuse products are marketed into the workplace testing, forensic toxicology, criminal justice, and drug rehabilitation markets. The forensic toxicology market consists of 250 - 300 laboratories including federal, state and county crime laboratories, medical examiner laboratories, and reference laboratories. The criminal justice market consists of a wide variety of entities in the criminal justice system that require drug screening, such as pre-trial services, parole and probation officials, drug courts, prisons, drug treatment programs and community/family service programs. The Company has entered into a contract with LabOne to assemble and distribute Intercept collection kits and associated reagents for drugs-of-abuse testing in the workplace testing market in the United States and Canada. Intercept and Q.E.D. are also marketed through direct sales and other distributors.

International Markets
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The Company sells a number of its products into international markets primarily through distributors with knowledge of their local markets. Principal markets include insurance testing, public health and laboratory testing. The Company assists its distributors in registering the products in each country and provides training and support materials. The Company's international marketing program includes direct assistance to distributors in arranging for laboratory services, cooperation from screening test manufacturers, and performance of Western Blot confirmatory tests when necessary.

SIGNIFICANT PRODUCTS AND CUSTOMERS

Several different products have contributed significantly to the Company's financial performance, accounting for 15% or more of total revenues during the past three years. The Company's OraSure oral fluid collection devices, Histofreezer, and immunoassay tests and reagents accounted for total revenues of approximately $11.2 million, $6.8 million, and $6.7 million in 2000, $7.8 million, $5.7 million, and $6.2 million in 1999, and $7.2 million, $4.8 million, and $4.8 million in 1998, respectively.

The Company has one customer that has accounted for 10% or more of total revenues. During 2000, the Company's sales to LabOne, Inc., accounted for approximately 23% of the Company's total revenues. The Company believes that its relationship with this customer is strong and that it will purchase comparable or increasing values of the Company's products for the foreseeable future. However, there can be no assurance that sales to this customer will not decrease or that this customer will not choose to replace the Company's products with those of competitors. The loss of this customer or a significant decrease of products purchased by it could have a material adverse effect on the Company.

SUPPLY AND MANUFACTURING

The Company has entered into an agreement with a contractor in Oregon for the assembly and supply of OraSure oral fluid collection devices until December 31, 2002. This agreement will automatically renew for additional annual periods unless either party provides timely notice of termination prior to the end of an annual period. The Company believes that other firms or the Company would be able to manufacture the OraSure device on terms no less favorable than those set forth in the agreement with the Oregon contractor in the event that this contractor were to be unable to continue manufacturing this product, although a change in manufacturer of the OraSure device would require FDA review and clearance which could require significant time to complete.

In February 2001, the Company announced its plans to realign its manufacturing operations, which will include the elimination of the manufacturing of OraQuick in the Beaverton, Oregon facility, the installation of automated manufacturing equipment for OraQuick in Bethlehem, Pennsylvania, and the addition of manufacturing capacity in Thailand. In connection with this realignment, the Company has entered into a supply agreement for the manufacture of OraQuick HIV-1/2 testing devices in Thailand. This agreement has an initial term of one year from the date production commences, which will automatically renew for additional annual periods unless either party provides a timely notice of termination prior to the end of an annual period. The Company believes that other firms would be able to manufacture the OraQuick test on terms no less favorable than those set forth in the Thailand agreement in the event that the Thailand contractor were to be unable to continue manufacturing this product.

The Company expects to assemble readers, test cassettes and collectors used in the Company's UPlink rapid test and to package this product for shipment at the Company's Bethlehem facilities.

The Company's oral fluid Western Blot HIV confirmatory test is manufactured in the Company's Beaverton, Oregon facilities. The HIV-1 antigen needed to manufacture the Company's Western Blot HIV confirmatory test kits is available from only a limited number of sources. Organon Teknika Corporation, the exclusive distributor of the test kits, is required to supply the Company's requirements for antigen for the term of its distribution agreement with the Company, which originally extended to March 31, 2001. OraSure Technologies and Organon Teknika are currently negotiating certain amendments to the agreements, including an extension of their terms. If for any reason Organon Teknika should no longer be able to supply the Company's antigen needs, management believes the Company would be able to obtain its own supply of antigen at a competitive cost, although a change in the antigen would require FDA approval.

Histofreezer is manufactured in The Netherlands by Koninklijke, Utermohlen, N.V., the company from which the Company acquired the product in 1998. The Company purchases the product pursuant to an exclusive production agreement between the two companies. The production agreement provides that Koninklijke, Utermohlen, N.V. shall be the exclusive supplier of the Histofreezer product until June 1, 2003. The Company believes that additional manufacturers of the Histofreezer product are available on terms no less favorable than the terms of the production

agreement with Koninklijke, Utermohlen, N.V. in the event that Koninklijke, Utermohlen, N.V. were to be unable to continue manufacturing the Histofreezer product.

The Company's AUTO-LYTE and MICRO-PLATE assays are manufactured at its Bethlehem, Pennsylvania, facility. The Company manufactures the test components and assembles and packages the tests for distribution. The Company's tests require the production of highly specific and sensitive antibodies corresponding to the antigen of interest. Antibodies are produced commercially by injecting a vaccine consisting of a purified, specific antigen into one of a variety of animals. The injected animal's immune system then manufactures antibodies, which are contained in blood samples and are collected on a routine basis, purified through the use of a chemical process, and prepared for use in various diagnostic products. Substantially all of the Company's antibody requirements are produced by contract suppliers. However, in 1999, the Company began to develop its own in-house monoclonal and polyclonal antibody capabilities. The Company believes that it maintains adequate reserves of antibody supplies and believes it has access to sufficient raw materials for these products.

AUTO-LYTE test kits are manufactured by adding specific antibodies to chemical solutions which are then packaged as a defined volume of liquid in a plastic container for use in laboratory equipment. MICRO-PLATE test kits are produced by placing purified antibodies onto a plastic container which is sent to customers in multiples of ninety-six tests along with a set of reagents necessary to control the reaction. The reaction container is sealed in a foil package and placed in a box with the reagents.

The Q.E.D. test is manufactured, packaged, and shipped from the Company's Bethlehem facility.

EMPLOYEES

As of December 31, 2000, the Company had 210 full-time employees, including 42 in sales, marketing, and client services; 73 in research and development; 77 in operations, manufacturing, quality control, purchasing and shipping; and 18 in administration and finance. Sixteen of the Company's employees hold Ph.D. degrees. The Company's employees are not represented by a collective bargaining agreement.

On February 1, 2001, the Company announced that in connection with the realignment of its manufacturing operations, employee headcount would be reduced in its Beaverton, Oregon office by approximately 35 persons, or 33% of staffing at that facility. This reduction is expected to occur through layoffs and attrition during the first half of 2001. The Company expects to increase staffing at its Bethlehem, Pennsylvania facility as a result of the start-up of manufacturing operations at that location.

COMPETITION

The diagnostic industry is a multi-billion dollar international industry and is intensely competitive. Many of the Company's competitors are substantially larger and have greater financial, research, manufacturing, and marketing resources. Important competitive factors for the Company's products include product quality, price, ease of use, customer service, and reputation. Industry competition is based upon scientific and technological capability, proprietary know-how, access to adequate capital, the ability to develop and market products and processes, the ability to attract and retain qualified personnel, and the availability of patent protection.

A few large corporations produce a wide variety of diagnostic tests and other medical devices and equipment, a larger number of mid-size companies generally compete only in the diagnostic industry, and, finally, a significant number of small companies produce only a few diagnostic products. As a result, the diagnostic test industry is fragmented and segmented. The future market for diagnostic tests is expected to be characterized by consolidation, greater cost consciousness, and tighter reimbursement policies. The purchasers of diagnostic products are expected to place increased emphasis on lowering costs, automation, service, and volume discounts. The increased complexity of the market is expected to force many competitors to enter into joint ventures or license certain products or technologies.

Competition may intensify as technological advances are made and become more widely known and as products reach the market in greater numbers. Furthermore, new testing methodologies could be developed in the future that

render the Company's products impractical, uneconomical or obsolete. There can be no assurance that the Company's competitors will not succeed in developing or marketing technologies and products that are more effective than those developed by the Company or that would render its technologies and products obsolete or otherwise commercially unattractive. In addition, there can be no assurance that competitors will not succeed in obtaining regulatory approval for these products, or in introducing or commercializing them before the Company. Such developments could have a material adverse effect on the Company's business, financial condition, and results of operations.

Competition in the market for HIV testing is intense and is expected to increase. The Company believes that the principal competition will come from existing laboratory-based blood tests, point-of-care whole blood rapid tests, urine-based assays, or other oral fluid-based tests that may be developed. The Company's competitors include specialized biotechnology firms as well as pharmaceutical companies with biotechnology divisions and medical diagnostic companies.

Several companies market or have announced plans to market oral specimen collection devices and tests outside the United States and have announced plans to seek FDA approval of such tests in the United States. The Company expects the number of devices competing with its OraSure device to increase as the benefits of oral specimen-based testing become more widely accepted.

The FDA has approved an HIV-1 screening test for use with a urine sample. In June 1998, the FDA notified Cambridge Biotech Corp. (acquired by Calypte, Inc. in December 1998) that it had approved the use of its HIV-1 Western Blot confirmatory test for use with urine samples. Although the sensitivity and specificity are less than blood-based or oral fluid tests, urine testing will compete in the same markets as the Company's products. The Company believes that urine collection can be logistically more difficult, inconvenient and potentially embarrassing for the individual being tested, and that privacy and chain-of-custody issues are further impediments to routine use of urine-based HIV tests. The Company cannot predict the impact of the availability of urine-based tests on the HIV testing market or on sales of the Company's products.

Calypte, Inc. and Bio-Rad Laboratories, Inc. manufacture HIV Western Blot confirmatory tests, and Waldheim Pharmazeutika manufactures immuno-fluroescent HIV confirmatory tests, which competed with the Company's HIV-1 Western Blot serum-based confirmatory test kits and could compete with the Company's improved Western Blot confirmatory test once developed.

Significant competitors in the rapid assay HIV testing market include Abbott Laboratories, the Ortho Diagnostics division of Johnson & Johnson, and Trinity Biotech.

In the insurance risk assessment market, the Company's AUTO-LYTE homogeneous assays for cocaine and cotinine compete with reagents from Microgenics, Inc. (a subsidiary of Sybron Lab Products). The Company's AUTO-LYTE homogeneous assays for beta-blockers and thiazide as well as MICRO-PLATE heterogeneous assays for the detection of cocaine, cotinine and IgG in oral fluid are the only assays available in the marketplace. In urine chemistries, the Company's significant competitors include The Diagnostics Systems Group of Olympus America Inc. and Roche Diagnostics.

The Company's MICRO-PLATE drugs-of-abuse reagents are targeted to forensic testing laboratories where sensitivity, automation, and "system solutions" are important. In the past, these laboratories have typically had to rely on radioimmunoassay test methods to provide an adequate level of sensitivity. Radioimmunoassays require radioactive materials, which have a short shelf-life and disposal problems. The Company's MICRO-PLATE tests meet the laboratories' sensitivity needs, run on automated equipment, and are delivered to the laboratory as a complete "system package" of reagents and instrumentation (known as a "reagent rental" transaction) to meet the specific needs of each customer. Rental reagent transactions are usually offered only by companies significantly larger than OraSure Technologies.

In the forensic toxicology market, the Company competes with both homogeneous and heterogeneous tests manufactured by a host of companies. Significant competitors in the market for homogeneous assays include Dade Behring, Abbott Diagnostics, Roche Diagnostics, and Immunalysis.

The Intercept drug testing service competes with a wide variety of drug testing products and services. These competitors can be divided into two groups: 1) rapid tests, and 2) laboratory-based services. Within each product or service group, drug testing can be further divided into testing matrices such as urine, hair, sweat and oral fluid. Major competitors in the laboratory-based drug testing market are Quest Diagnostics, LabCorp., Psychemedics, PharmChem, and Medtox Laboratories. The drugs-of-abuse application of UPlink will compete with other rapid drug assays. Major competitors in the rapid drug testing market include American Biomedica, Roche Diagnostics, Inc., and Biosite Diagnostics.

Within the sub-segment of oral fluid drugs-of-abuse testing, Intercept competes with Avitar, Inc., which markets a rapid test called Oral Screen(TM) to the workplace and criminal justice markets, and LifePoint, Inc., which has announced plans to sell a reader-based saliva test panel that will include alcohol testing.

Q.E.D. has two direct competitors, Roche Diagnostics, Inc. and Chematics. These companies offer semi-quantitative saliva-based alcohol tests and both have received DOT approval. Indirect competitors who offer breath testing equipment include Intoximeters, Drager, and CMI. Although there are lower priced tests on the market that use oral fluid or breath as a test medium, these tests are qualitative tests that are believed to be substantially lower in quality and scope of benefits than the Company's Q.E.D. test.

The Histofreezer product's patented delivery system and warmer operating temperature than liquid nitrogen provide the Company with the opportunity to target sales to primary care physicians, such as family practitioners, pediatricians, and podiatrists. The Company does not target sales to dermatologists because they have the volume of patients required to support the capital costs associated with a liquid nitrogen delivery system. There is limited competition for convenient cryosurgical products for wart removal in the primary care physician market. Competition for the Histofreezer product includes portable cryosurgical systems from CryoSurgery, Inc. and Ellman International. In addition, liquid nitrogen is used by medical professionals to remove warts and other benign skin lesions. Lastly, patients may purchase various over-the-counter products to treat warts at home.

PATENTS AND PROPRIETARY INFORMATION

The Company seeks patent and other intellectual property rights to protect and preserve its proprietary technology and its right to capitalize on the results of its research and development activities. The Company also relies upon trade secrets, know-how, continuing technological innovations, and licensing opportunities to provide it with competitive advantages in its selected markets and to accelerate new product introductions. Respecting the patent and intellectual property rights of others, the Company regularly searches for third-party patents in its fields of endeavor to shape its own patent and product commercialization strategies as effectively as possible and to identify licensing opportunities. United States patents generally have a maximum term of 20 years from the date an application is filed.

The Company has six United States patents and numerous foreign patents for the OraSure collection device and related technology, and has applied for additional patents, in both the United States and certain foreign countries, on such product and technology. The Company has one patent application pending for OraQuick HIV-1/2 in the United States and has obtained or is seeking licenses under existing patents held by third parties with respect to that product and technology. The Company may need to obtain licenses or other rights under, or enter into distribution or other business arrangements in connection with, certain HIV-2 and lateral flow patents, some of which have been obtained, in order to market the OraQuick HIV-1/2 test in the United States and certain other countries. See the Section entitled, "Risk Factors - Patent Issues Affecting OraQuick," for a further discussion of these issues.

In April 1995, the Company received exclusive worldwide rights under patents and know-how owned by SRI International to develop and market products that involve the use of UPT. The Company also received non-exclusive worldwide rights under patents and know-how owned by the Sarnoff Corporation (formerly called the David Sarnoff Research Center) to develop and market products that involve the use of UPT. The Company has the right to sublicense these rights under the agreements subject to consent from SRI and Sarnoff.

Under the agreement with SRI, OraSure Technologies is required to make license, maintenance and royalty payments to SRI. The Company made an initial license payment to SRI in 1995 and paid research fees in 1995 and 1996 in connection with development projects in which SRI participated. The Company is obligated to make annual maintenance payments on each anniversary of the agreement following the completion of the development period until the first commercial sale of a product. The Company also must make royalty payments for a period equal to the longer of ten years from the date of the first commercial sale of the products or the term during which the manufacture, use, or sale of a product would infringe licensed patents, but for SRI's license to the Company. The Company believes that the royalty rates payable by the Company are comparable to the rates generally payable by other companies under similar arrangements. The Company's agreement with SRI terminates upon the expiration of the Company's obligation to pay royalties to SRI.

In 1999, the Company paid $1.5 million to TPM Europe Holding B.V., its sublicensor (1) for the termination of an existing license agreement between the sublicensor and the Company with respect to the sublicense of UPT patents owned by Leiden University, The Netherlands, and (2) to secure a direct research, development, and license arrangement with Leiden University.

The United States and European Patent Offices have issued licensors nine patents for methods, compositions, and apparatuses relating to phosphor technologies. Several additional UPT patent applications remain pending in the U.S. and abroad. The Company expects to continue to expand its UPT patent portfolio in 2001.

The Company has one U.S. patent relating to the Company's method for detecting blood in urine specimens and the Company's AUTO-LYTE products.

The Company has four U.S. patents and numerous foreign patents issued for apparatuses and methods for the topical removal of skin lesions relating to its Histofreezer device.

The Company has five U.S. patents and numerous foreign patents and patent applications for the analog-to-digital threshold signaling technology used in the Q.E.D. test. These patents are related to the analog-to-digital technology color control systems and methods, systems and devices for the test, and detection of biochemical molecules.

It is the Company's policy to require its employees, consultants, outside collaborators, and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with the Company. These agreements provide that all confidential information developed by or made known to the individual during the course of the individual's relationship with the Company, is to be kept confidential and not disclosed to third parties except in specific circumstances. In the case of employees, the agreements provide that all inventions conceived by the individual during his or her tenure at the Company will be the exclusive property of the Company.

The Company owns rights to trademarks and service marks that it believes are necessary to conduct its business as currently operated. The Company is the owner in the United States of trademarks, including UPT(TM), UPlink(TM), OraSure(R), Intercept(TM), OraQuick(R), Histofreezer(R), Q.E.D.(R), and AUTO-LYTE(R). The Company also is the owner of many of these marks and others in several foreign countries. The Company is not aware of any pending claims of infringement or other challenges to the Company's rights to use its marks in the United States or in other countries as currently used by the Company.

Although important, the issuance of a patent or existence of trademark or trade secret protection does not in itself ensure the Company's success. Competitors may be able to produce products competing with a patented Company product without infringing on the Company's patent rights. Issuance of a patent in one country generally does not prevent manufacture or sale of the patented product in other countries. The issuance of a patent to the Company or to a licensor is not conclusive as to validity or as to the enforceable scope of the patent. The validity or enforceability of a patent can be challenged by litigation after its issuance, and, if the outcome of such litigation is adverse to the owner of the patent, the owner's rights could be diminished or withdrawn. Trade secret protection does not prevent independent discovery and exploitation of the secret product or technique.

GOVERNMENT REGULATION

General

Most of the Company's existing and proposed diagnostic products are regulated by the FDA, certain state and local agencies, and comparable regulatory bodies in other countries. This regulation governs almost all aspects of development, production, and marketing, including product testing, authorizations to market, labeling, promotion, manufacturing, and recordkeeping. All of the Company's FDA-regulated products require some form of action by the FDA before they can be marketed in the United States, and, after clearance, the Company must continue to comply with other FDA requirements applicable to marketed products. Both before and after clearance, failure to comply with the FDA's requirements can lead to significant penalties.

Domestic Regulation

Most of the Company's diagnostic products are regulated as medical devices. The Western Blot HIV-1 confirmatory test is regulated as a biologic product.

There are two review procedures by which medical devices can receive FDA clearance. Some products may qualify for clearance under a Section 510(k) procedure, in which the manufacturer provides a premarket notification that it intends to begin marketing the product, and shows that the product is substantially equivalent to another legally marketed product (i.e., that it has the same intended use and is as safe and effective as a legally marketed device and does not raise different questions of safety and effectiveness). In some cases, the submission must include data from human clinical studies. Marketing may commence when the FDA issues a clearance letter finding such substantial equivalence. Clearance under this procedure may be granted within 90 days, although in some cases as much as a year or more may be required.

If the medical device does not qualify for the 510(k) procedure (either because it is not substantially equivalent to a legally marketed device or because it is a Class III device required by statute and the FDA's implementing regulations to have an approved application for premarket approval), the FDA must approve a premarket approval application ("PMA") before marketing can begin. PMAs must demonstrate, among other matters, that the medical device provides a reasonable assurance of safety and effectiveness. A PMA is typically a complex submission, including the results of preclinical and clinical studies. Preparing a PMA is a detailed and time-consuming process. Once a PMA has been submitted, the FDA's review may be lengthy, often requiring one year or more, and may include requests for additional data.

Biologic products must be the subject of an approved biologics license application ("BLA") before they can be marketed. The FDA approval process for a biologic is similar to the PMA approval process, involving a demonstration of the product's safety and effectiveness based in part on both preclinical and clinical studies.

Many of the insurance testing products are used for non-medical purposes and many of the drugs-of-abuse products sold to state crime labs are labeled for "forensic use only." The FDA does not currently regulate these products.

Every company that manufactures biological products or medical devices distributed in the United States must comply with the FDA's Good Manufacturing Practices ("GMP") regulations (also known as the Quality System Regulations). These regulations govern the manufacturing process, including design, manufacture, testing, release, packaging, distribution, documentation, and purchasing. Compliance with GMPs is generally required before the FDA will approve a PMA or BLA, and these requirements also apply to marketed products. Companies are also subject to other post-market and general requirements, including compliance with restrictions imposed on marketed products, compliance with promotional standards, recordkeeping, and reporting of certain adverse reactions. The FDA regularly inspects companies to determine compliance with GMPs and other post-approval requirements. Failure to comply with statutory requirements and the FDA's regulations can lead to substantial penalties, including monetary penalties, injunctions, product recalls, seizure of products, and criminal prosecution.

In June 2000, the FDA issued observations of deficiencies following an inspection of OraSure Technologies' manufacturing facilities in Beaverton, Oregon, stating the FDA's view that some of the Company's products were not manufactured in compliance with GMP regulations. The FDA previously issued a warning letter in September 1998, and observations of deficiencies in January 1999 to the Company based on prior inspections of the Oregon facilities. The FDA has questioned the Company's compliance with GMP regulations in areas such as process validation, purchasing controls, complaint handling, and equipment controls at the Oregon facilities. The Company has undertaken a substantial review of its manufacturing and quality assurance, and has either already made changes or has changes in process, to satisfy the FDA's regulations with respect to its GMP compliance. These plans were communicated to the FDA in a written reply in September 2000.

On October 20, 2000, the FDA sent a letter to the Company regarding the Serum Western Blot product voicing the agency's concern over the previously observed deficiencies and stating its intent to revoke the Company's license to manufacture this product if the problems were not corrected in sufficient time. The FDA acknowledged the receipt of the Company's written responses and found that those items which had been completed appeared to be adequate, but required the Company to submit a comprehensive report on corrective action plans and the schedule to address the remaining items. The Company submitted such a report in November 2000, and believes that it either has already implemented changes or has changes in process that will adequately address the FDA's concerns.

Although production of the Serum Western Blot product line has been suspended, OraSure Technologies has recognized that the basic changes to the overall quality systems needed to remedy the FDA's observations would also assist in the quality for all of the Company's product lines, and therefore has devoted a considerable amount of time and resources to improving quality procedures throughout the Company. Even with the substantial efforts and the progress made to date, there is a risk that the FDA will not be satisfied by the Company's efforts. If the FDA is not satisfied, it could take action intended to force OraSure Technologies to stop manufacturing its Western Blot or other products until the FDA believes the Company is in compliance with GMP requirements. Also, although the FDA has recently granted the Company permission to obtain certificates needed for export of products, the FDA could refuse export permission in the future if the agency determines that the Company's progress toward GMP compliance is not sufficient.

The Company has voluntarily recalled Q.E.D. tests on two occasions. In both instances, the Q.E.D. tests were recalled because the Company did not believe that the materials met its quality standards. Both recalls were conducted according to FDA guidelines. The FDA investigated the initial recall in December 1996 and did not take any action against the Company. The FDA investigated the second recall in March 1998 and issued a 483 Notice due to the Company's failure to confirm to the FDA that the corrective actions taken by the Company to remedy the deficiencies leading to the March 1998 recall had corrected the problems. The Company has confirmed with the FDA that its corrective actions addressed the issues that led to the recall. If violations of the applicable regulations are noted during future FDA inspections of the Company's manufacturing facility, or the manufacturing facilities of a contract manufacturer, the continued marketing of the Company's products may be adversely affected.

International
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The Company is also subject to regulations in foreign countries governing products, human clinical trials and marketing. Approval processes vary from country to country, and the length of time required for approval or to obtain other clearances may in some cases be longer than that required for U.S. governmental approvals. The extent of potentially adverse governmental regulation affecting the Company that might arise from future legislative or administrative action cannot be predicted. The Company will pursue approval only in those countries that have a significant market opportunity.

The International Organization for Standardization ("ISO") is a worldwide federation of national standards bodies from some 130 countries, established in 1947. The mission of ISO is to promote the development of standardization and related activities in the world with a view to facilitating the international exchange of goods and services. ISO certification is evidenced by the CE mark and indicates that the Company's quality system has complied with standards applicable from initial product design and development through production and distribution. ISO certification is a prerequisite to obtaining a CE mark, which is required for distribution of medical devices in the European common markets.

In the first quarter of 1999, the Company received approval to use the CE mark for the OraSure and Intercept collection devices. In December 2000, the Company's Bethlehem facility received final certification for the European Medical Device Directive (93/42/EEC), ISO 9001, ISO 13485, and EN46001. The Company also received authorization to use the CE mark for its Histofreezer product line.

The Company must also submit evidence of marketing clearance by the FDA to Health Canada's Therapeutic Products Programme prior to commencing sales in Canada. The Company has completed this process for several of its current products which require FDA review.

Environmental Regulation

Because of the nature of its current and proposed research, development, and manufacturing processes, the Company is subject to stringent federal, state, and local laws, rules, regulations, and policies governing the use, generation, manufacture, storage, air emission, effluent discharge, and handling and disposal of materials and wastes. The Company believes that it has complied with these laws and regulations in all material respects and has not been required to take any action to correct any noncompliance.

FORWARD-LOOKING STATEMENTS

This Report contains certain "forward-looking statements," within the meaning of the Federal securities laws. These include statements about expected revenues, earnings, expenses or other financial performance, future product performance or development, expected regulatory filings and approvals, planned business transactions, views of future industry or market conditions, other factors that could affect future operations or financial position, and statements that include the words "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "will," "should," "could," or similar expressions. Forward-looking statements are not guarantees of future performance or results. Known and unknown factors could cause actual performance or results to be materially different from those expressed or implied in these statements. Some of these factors are: 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 or 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 Section entitled, "Risk Factors," and elsewhere in this Report. Although forward-looking statements help to provide complete information about future prospects, they may not be reliable. The forward-looking statements are made as of the date of this Report and Orasure Technologies undertakes no duty to update these statements.

RISK FACTORS

The following is a discussion of certain significant risk factors that could potentially affect the Company's financial condition, performance and prospects.

Competing Products

The diagnostic industry is focused on the testing of biological specimens in a laboratory or at the point-of-care and is highly competitive and rapidly changing. The Company's principal competitors have considerably greater financial,

technical, and marketing resources. As new products enter the market, the Company's products may become obsolete or a competitor's products may be more effective or more effectively marketed and sold than the Company's. If OraSure Technologies fails to maintain and enhance its competitive position, its customers may decide to use products developed by competitors which could result in a loss of revenues.

Ability to Develop New Products

In order to remain competitive, the Company must commit substantial resources each year to research and development. The research and development process generally takes a significant amount of time from inception to commercial product launch. This process is conducted in various stages, and during each stage there is a substantial risk that the Company will not achieve its goals and will have to abandon a product in which it has invested substantial amounts. The Company expects to continue to incur significant costs in its research and development activities. Moreover, there can be no assurance that OraSure Technologies will succeed in its research and development efforts. If the Company fails to develop commercially successful products, or if competitors develop more effective products or a greater number of successful new products, customers may decide to use products developed by the Company's competitors, which would result in a loss of revenues.

Market Acceptance of Oral Fluid Testing Products

The Company has made significant progress in gaining acceptance of oral fluid testing for HIV in the insurance and public health markets. The Company also expects that oral fluid testing for drugs of abuse will be accepted in the workplace and criminal justice testing markets. Other markets, particularly the physician office market, may resist the adoption of oral fluid testing as a replacement for other testing methods in use today. There can be no assurance that the Company will be able to expand use of its oral fluid testing products in these or other markets.

Loss or Impairment of Sources of Capital

Although the Company has made significant progress in the past toward controlling expenses and increasing product revenue, the Company has historically depended to a substantial degree on capital raised through the sale of equity securities to fund its operations. The Company's future liquidity and capital requirements will depend on numerous factors, including the costs and timing of the expansion of manufacturing capacity, the success of product development efforts, the costs and timing of expansion of sales and marketing activities, the extent to which existing and new products gain market acceptance, competing technological and market developments, and the scope and timing of strategic acquisitions. If additional financing is needed, the Company may seek to raise funds through the sale of equity securities. There can be no assurance that financing through the sale of equity securities, or otherwise, will be available on satisfactory terms, if at all.

Ability of the Company to Develop Product Distribution Channels

The Company has marketed many of its products by collaborating with diagnostic companies and distributors. For example, the Company's OraSure Western Blot confirmatory tests are distributed through Organon Teknika, and the OraSure collection device is distributed to the insurance industry through major insurance testing laboratories. The Company's sales depend to a substantial degree on its ability to develop product distribution channels and on the marketing abilities of the companies with which it collaborates. There can be no assurance that such companies will continue to be able to distribute the Company's products or that new distribution channels will be available on satisfactory terms.

Ability to Obtain and Timing of Regulatory Approvals

The Company is subject to strict government controls on the development, manufacture, labeling, distribution and marketing of its products. The Company often must obtain and maintain regulatory approval for a product from a country's national health or drug regulatory agency before the product may be sold in a particular country. The submission of an application to a regulatory authority does not guarantee that it will grant a license to market the product. Each authority may impose its own requirements and delay or refuse to grant approval, even though a product has been approved in another country.

In the Company's principal markets, the approval process for a new product can be complex and lengthy. The time taken to obtain approval varies depending on the nature of the application and may result in the passage of a significant period of time from the date of application. This increases the cost of developing new products and increases the risk that the Company will not succeed in introducing or selling them.

In addition, the European Union has established a requirement that diagnostic medical devices used to test biological specimens must receive regulatory approval known as a CE mark by December 2003. After that date, export to the European community of products without the CE mark will be stopped or delayed until the mark is received. This requirement will affect many of OraSure Technologies' products. OraSure Technologies will not be permitted to make European sales of its products for which a CE mark is not obtained by December 2003, which could lead to the termination of strategic alliances for sales of those products in Europe. While the Company intends to apply for CE marks for certain of its existing and future products, and is not aware of any material reason why such approvals will not be granted, there can be no assurance that a CE mark will be received prior to the deadline.

Regulatory Compliance
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The Company can manufacture and sell many of its products, both in the United States and in some cases abroad, only if it complies with regulations of government agencies such as the FDA. The Company has implemented quality assurance and other systems that are intended to comply with applicable regulations. The FDA has issued warning letters and a letter of intent to revoke the Company's license with respect to the Serum Western Blot product, stating that the Company is not in compliance with the FDA's regulations. The Company has responded to each of these letters. Although the Company believes that it has satisfactorily addressed the points raised by the FDA, the FDA could force the Company to stop manufacturing products if the FDA concludes that the Company remains out of compliance with applicable regulations. In addition, until the FDA agrees that the Company has resolved all points raised in the letters, the Company may not be able to obtain regulatory clearance certificates needed in certain foreign countries. See the Section entitled "Government Regulation" for a further discussion of regulatory compliance matters.

Changes in Federal or State Law or Regulations
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As described more fully above under "Government Regulation," many of the Company's proposed and existing products are subject to regulation by the FDA and other governmental agencies. The process of obtaining required approvals from these agencies varies according to the nature of and uses for the product and can involve lengthy and detailed laboratory and clinical testing, sampling activities, and other costly and time-consuming procedures. Changes in government regulations could require the Company to undergo additional trials or procedures, or could make it impractical or impossible for the Company to market its products for certain uses, in certain markets, or at all. Other changes in government regulations, such as the adoption of the FDA's Quality System Regulation, may not affect the Company's products directly but may nonetheless adversely affect the Company's financial condition and results of operations by requiring that the Company incur the expense of changing or implementing new manufacturing and control procedures.

Ability to Market New Products
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OraSure Technologies' future success will depend partly on the market acceptance, and the timing of such acceptance, of recently introduced products such as the Intercept oral fluid drug test service, the OraQuick rapid oral fluid test, products currently under development such as UPlink and other products using up-converting phosphor technology, and other new products or technologies that may be developed or acquired and introduced in the future. To achieve market acceptance, OraSure Technologies must make substantial marketing efforts and spend significant funds to inform potential customers and the public of the perceived benefits of these products. The Company currently has limited evidence on which to evaluate the market reaction to products that may be developed, and there can be no assurance that any products will meet with market acceptance and fill the market need that is perceived to exist.

Reliance on Patents and Other Proprietary Rights

The diagnostics industry places considerable importance on obtaining patent, trademark, and trade secret protection, as well as other intellectual property rights, for new technologies, products and processes. The Company's success depends, in part, on its ability to develop and maintain a strong intellectual property portfolio for products and technologies both in the United States and in other countries. Litigation or other legal proceedings may be necessary to defend against claims of infringement or to enforce intellectual property rights, and could result in substantial costs and diversion of resources.

As appropriate, the Company intends to file patent applications and obtain patent protection for its proprietary technology. These patent applications and patents will cover, as appropriate, compositions of matter for the Company's products, methods of making those products, methods of using those products, and apparatus relating to the use or manufacture of those products. The Company will also rely on trade secrets, know-how and continuing technological advancements to protect its proprietary technology. The Company has entered, and will continue to enter, into confidentiality agreements with its employees, consultants, advisors and collaborators. However, these parties may not honor these agreements and the Company may not be able to successfully protect its rights to unpatented trade secrets and know-how. Others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to the Company's trade secrets and know-how.

Many of the Company's scientific and management personnel were previously employed by competing companies. Although the Company encourages and expects all of these types of employees to abide by any confidentiality agreement with a prior employer, competing companies may allege trade secret violations and similar claims against OraSure Technologies.

To facilitate development and commercialization of a proprietary technology base, the Company may need to obtain licenses to patents or other proprietary rights from other parties. If the Company is unable to obtain these types of licenses, the Company's product development and commercialization efforts may be delayed.

The Company may collaborate with universities and governmental research organizations which, as a result, may acquire part of the rights to any inventions or technical information derived from collaboration with them.

The Company may incur substantial costs in asserting or protecting its intellectual property rights, or in defending suits against it related to intellectual property rights. Disputes regarding intellectual property rights could substantially delay product development or commercialization activities. Disputes regarding intellectual property rights might include state or federal court litigation as well as patent interference, patent reexamination, patent reissue, or trademark opposition proceedings in the United States Patent and Trademark Office. Opposition or revocation proceedings could be instituted in a foreign patent office. An adverse decision in any proceeding regarding intellectual property rights could result in the loss of the Company's rights to a patent, an invention, or trademark.

Patent Issues Affecting OraQuick

There are factors that will affect the specific countries in which the Company will be able to sell its OraQuick rapid HIV-1/2 test and therefore the overall sales potential of the test. One factor is whether the company can arrange a sublicense or distribution agreement related to patents for detection of the HIV-2 virus. HIV-2 is a type of the HIV virus estimated to represent less than 2% of known HIV cases worldwide. Nevertheless, HIV-2 is considered to be an important component in the testing regimen for HIV in many markets. HIV-2 patents are in force in most of the countries of North America and Western Europe, as well as in Japan, Korea, South Africa and Australia. Access to a license for one or more HIV-2 patents may be necessary to sell HIV-2 tests in countries where such patents are in force, or to manufacture in countries where such patents are in force and then sell into non-patent markets. Since HIV-2 patents are in force in the United States, the Company may be restricted from manufacturing its OraQuick rapid HIV test in the United States and selling into other countries, even if there were no HIV-2 patents in those other countries.

The importance of HIV-2 differs by country, and can be affected by both regulatory requirements and by competitive pressures. In most countries, any product used to screen the blood supply will require the ability to detect HIV-2, although the OraQuick rapid HIV test has not been intended for that market purpose. In other markets, including the United States, a test that can detect only the more prevalent HIV-1 type is generally considered sufficient, except in testing related to blood supply. Because the competitive situation in each country will be affected by the availability of other testing products as well as the country's regulatory environment, the Company may be at a competitive disadvantage in some markets without an HIV-2 product even if HIV-2 detection is not required by regulations.

Another factor that may affect the specific countries in which the Company will be able to sell its OraQuick rapid HIV test, and therefore the overall sales potential, concerns whether the Company can arrange a sublicense or distribution agreement related to any patents which claim lateral flow assay methods and devices covering the OraQuick rapid HIV test or its use. The OraQuick rapid HIV test is an analyte-specific lateral flow assay device. There are numerous patents in the United States and other countries which claim lateral flow assay methods and devices that are analyte independent. Some of these patents broadly cover the technology used in the OraQuick assay and are in force in the United States and other countries. The Company would also not be able to make the OraQuick rapid HIV test in the United States and sell it in countries where there is no patent on the device. The Company has licenses under several lateral flow patents and is considering the need for licenses under others. In the event that it is not possible to negotiate a license agreement under a necessary patent, the Company may be able to modify the OraQuick rapid HIV test such that a license would not be necessary. However, this alternative could delay introduction of the OraQuick rapid HIV test into the U.S. and other markets.

History of Losses and Projected Profitability
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The Company has not achieved profitability, but expects to be profitable during the second half of 2001 and for the year 2001. The Company incurred net losses of approximately $12.7 million and $4.2 million in 2000 and 1999, respectively, and as of December 31, 2000, the Company had an accumulated deficit of approximately $122.4 million. The Company's limited combined operating history makes it difficult to forecast future operating results. In order to achieve profitability in the estimated time period, the Company's revenue will have to continue to grow at the estimated rates. The Company's ability to reach its estimated revenue growth will be dependent upon a number of factors, including without limitation achieving growth in international markets through the Company's OraQuick rapid HIV test, creating market acceptance for the Intercept drugs of abuse products, and commercially developing, obtaining regulatory approval, and creating market acceptance for UPT and other products in a time frame consistent with the Company's objectives. The Company has not yet fully achieved these objectives. In the event that the Company cannot create a significant commercial market for its OraQuick test, the Intercept and UPT products or its other products, or to the extent other events described in this Section entitled "Risk Factors" occur, the Company's revenue, and consequently profitability, could be lower than estimated.

Loss of Key Personnel
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The Company's success will depend to a large extent upon the contributions of its executive officers, management, and scientific staff. The Company may not be able to attract or retain qualified employees in the future due to the intense competition for qualified personnel among other medical products businesses. If the Company is not able to attract and retain the necessary personnel to accomplish its business objectives, the Company may experience constraints that will adversely affect its ability to meet the demands of its strategic partners in a timely fashion or to support internal research and development programs. In particular, product development programs depend on the ability to attract and retain highly skilled scientists, including molecular geologists, biochemists and engineers. Recruiting qualified personnel can be an intensely competitive and time-consuming process. Although OraSure Technologies believes it will be successful in attracting and retaining qualified personnel, competition for experienced scientists and other technical personnel from numerous companies and academic and other research institutions may limit its ability to do so on acceptable terms. All of the Company's employees, other than a few senior officers who have employment agreements, are at-will employees, which means that either the employee or OraSure Technologies may terminate their employment at any time. If the Company experiences difficulty in recruiting and retaining qualified personnel, and in particular scientific personnel, it may need to provide higher

compensation to such personnel than currently anticipated or the Company may incur additional expenses for the recruitment of qualified personnel.

The Company's business plans will require additional expertise in specific industries and areas applicable to the development efforts related to up-converting phosphor technologies. These activities will require the addition of new personnel, including management, and the development of additional expertise by existing management personnel. The inability to acquire these services or to develop this expertise could impair the development, if any, of products related to these technologies.

International Marketing and Manufacturing
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The Company intends to devote significant resources to increase international sales of its OraQuick and UPT products. However, in the past, it has not had significant direct experience with the governmental regulatory agencies in foreign countries that control sale of products into those countries. In addition to economic and political issues, a number of factors can slow or prevent international sales, or substantially increase the cost of international sales, including those set forth below:

- Regulatory requirements may slow, limit, or prevent the offering of products in foreign jurisdictions;

- Cultural and political differences may make it difficult to effectively market, sell and gain acceptance of products in foreign jurisdictions;

- Inexperience in international markets may slow or limit the Company's ability to sell products in foreign countries;

- Exchange rates, currency fluctuations, tariffs and other barriers, extended payment terms and dependence on and difficulties in managing international distributors or representatives may affect the Company's revenues even when product sales occur;

- The creditworthiness of foreign entities may be less certain and accounts receivable collection may be more difficult;

The Company recently entered into a contract for the manufacture and supply of the OraQuick HIV-1/2 device in Thailand. However, the Company does not have significant direct experience with the use of international manufacturers. Factors such as economic and political conditions and foreign regulatory requirements may slow or prevent the manufacture of the Company's products in countries other than the United States Interruption of the supply of the Company's products could reduce revenues or cause the Company to incur significant additional expenses in finding an alternative source of supply.

Product Liability Exposure
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The Company may be held liable if any of its products, or any product which is made with the use or incorporation of any of the technologies belonging to the Company, causes injury of any type or is found otherwise unsuitable during product testing, manufacturing, marketing or sale. Although the Company has obtained product liability insurance, this insurance may not fully cover potential liabilities. As new products come to market, the Company may need to increase its product liability coverage. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could affect the Company's decision to commercialize products developed by OraSure Technologies or its strategic partners. If the Company is sued for any injury caused by its products, its liability could exceed its total assets.

Ability to Commercialize UPT
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The Company's up-converting phosphor technology is new and is in the early stage of development. Commercial development of UPT may not be successful. Successful products require significant development and investment,

including testing, to demonstrate their cost-effectiveness or other benefits prior to their commercialization. In addition, regulatory approval must be obtained before most products based upon UPT may be sold. Additional development efforts on these products will be required before any regulatory authority will review them. Regulatory authorities may not approve these products for commercial sale. Accordingly, because of these uncertainties, products based upon UPT may not be commercialized. The failure to develop UPT products with commercial potential would negatively affect OraSure Technologies' future revenues.

Dependence on Strategic Partners
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Although the Company intends to pursue some product opportunities independently, opportunities that require a level of investment for development and commercialization may necessitate involving one or more strategic partners. In particular, the Company's strategy for development and commercialization of UPT and certain other products may entail entering into additional arrangements with corporate partners, universities, research laboratory licensees, and others. If OraSure Technologies is not able to enter into such arrangements, the Company may be required to transfer material rights to such strategic partners, licensees, and others. While the Company expects that its current and future partners, licensees, and others have and will have an economic motivation to succeed in performing their contractual responsibilities, the amount and timing of resources to be devoted to these activities will be controlled by others. Consequently, there can be no assurance that any revenues or profits will be derived from such arrangements.

Dependence on Third Party Licenses and Rights
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The Company has licensed the worldwide rights to up-converting phosphor compositions, methods, and apparatuses for use in diagnostic applications, which are the subject of seven issued United States patents, and of one pending U.S. patent application. Corresponding patents and patent applications have been granted or issued in numerous foreign countries, including, for example, European countries, Japan, and Canada. OraSure Technologies cooperates with the licensor to prosecute such patent applications and protect such patent rights. Failure by the licensor to prosecute such applications and protect such patent rights could harm the Company's business. If the licensors do not meet their obligations under the license agreements or do not reasonably consent to sublicenses by the Company, or if the license agreement is terminated, the Company could lose the opportunity to develop UPT.

The previous discussion of the Company's business should be read in conjunction with the Financial Statements and accompanying notes included in Item 14 of this Annual Report on Form 10-K.

ITEM 2. PROPERTIES.

On April 30, 1999, the Company signed a five-year lease to rent 25,845 square feet of space at the John M. Cook Technology Center on the south side of Bethlehem, Pennsylvania located at 150 Webster Street, which the Company uses as its main corporate, sales and marketing, and research and development offices. Annual rent for the first five years of this lease is approximately $270,000. The lease also includes a five-year renewal option and a ten-year purchase option.

The Company owns 33,500 square feet on 3.4 acres of land at 1745 Eaton Avenue in Bethlehem, Pennsylvania which is used for manufacturing, engineering, information systems and accounting activities. The Company rents additional warehouse space on an as-needed basis. The Company leases space for a sales office in Reeuwijk, The Netherlands.

The Company leases approximately 30,500 square feet of office, manufacturing, and laboratory space in Beaverton, Oregon, under a lease that expires on January 31, 2005. The Company has base lease obligations under the lease, which escalate during the term of the lease and average approximately $375,000 per year. The Company also leases 2,265 square feet of warehouse space in Oregon to store inventory and equipment under a lease expiring September 30, 2002.

The Company believes that its existing facilities are adequate for its current requirements.

ITEM 3. LEGAL PROCEEDINGS.

The Company is not a party to any material legal proceedings.

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

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Report.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock is listed for trading on the National Market tier of The Nasdaq Stock Market ("NASDAQ") under the symbol OSUR. High and low sales prices reported by NASDAQ during the periods indicated are shown below. Prices for quarters ending prior to the Merger, represent the high and low sales prices reported by NASDAQ for the common stock of the Company's predecessor, Epitope, which traded under the symbol EPTO.

Sales prices per share

Year ended December 31	2000		1999	
	High	Low	High	Low
First Quarter.....	$18.188	$5.563	$8.375	$4.500
Second Quarter.....	14.375	7.000	6.125	3.688
Third Quarter.....	15.938	9.938	7.500	4.875
Fourth Quarter.....	13.500	5.563	7.219	4.375

On March 16, 2001, there were 836 holders of record of the Common Stock, and the closing price of the Common Stock was $6.75 per share. The Company has never paid any cash dividends, and the Board of Directors does not anticipate paying cash dividends in the foreseeable future. The Company intends to retain any future earnings to provide funds for the operation and expansion of its business.

ITEM 6. SELECTED FINANCIAL DATA.

The following table sets forth selected financial data of the Company. See Note 1 to the Company's Financial Statements for a discussion of the Merger with Epitope and STC and change in the fiscal year end of Epitope. The data below for the years ended September 30, 1997 and 1996 include discontinued operations of two of Epitope's former subsidiaries, Agritope, Inc. and Andrew and Williamson Sales, Co. The charge for discontinued operations during these periods includes the operating losses of these subsidiaries through their disposition dates and final losses on disposal incurred by Epitope. This information should be read in conjunction with the Financial Statements and notes thereto included in Item 14 and the information set forth in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

SELECTED FINANCIAL DATA
(In thousands, except per share data)

	Year ended December 31, 2000	Three months ended December 31, 1999	1999	Year ended September 30, 1998	1997	1996
OPERATING RESULTS:						
Revenues	$ 28,788	$ 6,822	$ 24,046	$20,444	$ 17,282	$ 13,211
Costs and expenses	42,917	7,105	28,138	22,721	23,295	19,606
Other income (expense), net	1,407	(138)	(91)	(98)	782	6,158
Loss from continuing operations before income taxes	(12,722)	(421)	(4,183)	(2,374)	(5,231)	(237)
Loss from continuing operations	(12,747)	(471)	(4,233)	(2,374)	(5,231)	(267)
Discontinued operations	-	-	-	-	(18,359)	(2,501)
Net loss	(12,747)	(471)	(4,233)	(2,374)	(23,590)	(2,768)
PER SHARE OF COMMON STOCK:						
Loss from continuing operations	$ (0.36)	$ (0.02)	$ (0.14)	$ (0.09)	$ (0.20)	$ (0.01)
Loss from discontinued operations	-	-	-	-	(0.70)	(0.11)
Net basic and diluted loss	(0.36)	(0.02)	(0.14)	(0.09)	(0.90)	(0.12)
SHARES USED IN PER SHARE CALCULATIONS:	35,002	30,887	30,597	26,180	26,055	23,253
FINANCIAL POSITION:						
Working capital	$ 21,495	$ 16,314	$ 16,773	$ 8,725	$12,470	$ 30,096
Total assets	37,736	29,626	30,251	20,783	25,978	40,242
Long-term debt	4,644	5,820	5,820	6,001	4,026	5,077
Accumulated deficit	(122,365)	(109,618)	(109,104)	(104,903)	(96,837)	(73,246)
Stockholders' equity	26,172	18,238	18,592	10,701	17,873	31,676

ITEM 7. 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. The Company's actual results could be quite different from those expressed or implied by the forward-looking statements. Factors that could affect results are discussed more fully under the Sections entitled "Forward-Looking Statements" and "Risk Factors" in Item 1 and elsewhere in this Annual Report on Form 10-K. Although forward-looking statements help to provide complete information about the Company, readers should keep in mind that forward-looking statements may not be reliable. Readers are cautioned not to place undue reliance on the forward-looking statements.

RESULTS OF OPERATIONS - 2000 COMPARED TO 1999

On September 29, 2000, STC Technologies, Inc. ("STC"), a privately held company, and Epitope, Inc. ("Epitope"), a public company whose stock was traded on the Nasdaq Stock Market, were merged into the Company (the "Merger"). The Merger was structured as an all stock transaction valued at $260 million and was accounted for as a "pooling of interests." The Company is reporting its financial results for 2000 on a calendar year basis. Epitope previously reported its financial results on the basis of a fiscal year ending September 30, while STC previously reported its financial results on a calendar year basis. Immediately prior to the Merger, Epitope adopted a fiscal year ending December 31 for financial reporting purposes beginning in 2000. As a result, the Financial Data for 1999 reflects results for the twelve-month periods ended September 30, 1999 and December 31, 1999 for Epitope and STC, respectively. See Note 1 to the Company's Financial Statements for a discussion of the Merger and the change in fiscal year end.

The Merger is expected to leverage the Company's expertise in oral fluid technology, infectious disease testing and substance abuse testing. By building upon the complementary product portfolios, technologies and sales infrastructures of Epitope and STC, the Company intends to open up new markets in the United States and other countries and strengthen its position in key markets such as the rapidly expanding point-of-care market. In particular, the proprietary up-converting phosphor technology contributed by STC has broad applications for oral fluid testing. With the increased sensitivity and accuracy of this technology, the Company believes it can continue to expand the menu of tests available for oral fluid point-of-care testing. This same basic technology is also expected to be of significant benefit to other medical diagnostic manufacturers outside the expertise contributed by Epitope and STC. For many of these additional applications, OraSure Technologies plans to license these other companies to provide an ongoing revenue stream of license fees and royalties.

Comparative results of operations are summarized as follows:

(In thousands)	Dollars		Percent Change (%)	Percentage of Total Revenue (%)	
	2000	1999		2000	1999
Revenues					
Product	$ 28,095	$ 23,148	21	98	96
License and product development	693	898	(23)	2	4
	28,788	24,046	20	100	100
Cost and expenses					
Cost of products sold	11,102	9,126	22	39	38
Research and development	10,399	5,591	86	36	23
Sales and marketing	6,932	5,697	22	24	24
Acquired in-process technology	-	1,500	(100)	-	6
General and administrative	6,877	6,224	10	24	26
Merger related expenses	7,607	-	N/A	26	-
	42,917	28,138	53	149	117
Operating loss	(14,129)	(4,092)	(245)	(49)	(17)
Interest expense	(491)	(545)	(10)	(2)	(2)
Interest income	1,316	595	122	5	2
Foreign currency loss	(19)	(141)	(87)	-	(1)
Gain on sale of securities	600	-	N/A	2	-
Loss before income taxes	(12,723)	(4,183)	(204)	(44)	(18)
Income taxes	24	50	(52)	-	-
Net Loss	$(12,747)	$ (4,233)	(201)	(44)	(18)

Total revenue increased 20% to approximately $28.8 million in 2000 from approximately $24.0 million in 1999. The table below shows the amount (in thousands) and percentage of the Company's total revenue contributed by each of its principal products and by license and product development activities.

	Dollars		Percent Change (%)	Percentage of Total Revenue (%)	
	2000	1999		2000	1999
Product revenue					
Oral specimen collection devices	$ 11,239	$ 7,806	44	39	32
OraQuick	80	-	N/A	-	-
Histofreezer cryosurgical systems	6,779	5,744	18	24	24
Immunoassay tests	6,726	6,158	9	23	26
Western Blot HIV confirmatory tests	1,897	2,133	(11)	7	9
Other product revenue	1,374	1,307	5	5	5
	28,095	23,148	21	98	96
License and product development	693	898	(23)	2	4
Total revenues	$ 28,788	$ 24,046	20	100	100

Product revenue increased 21% to approximately $28.1 million in 2000 from approximately $23.1 million in 1999. Sales of the oral specimen collection devices increased approximately 44% to $11.2 million as a result of higher

penetration in the life insurance and public health markets. Sales of the Histofreezer product increased approximately 18% to $6.8 million principally as a result of price and volume increases both domestically and internationally. Immunoassay test sales increased approximately 9% to $6.7 million as a result of increased activity in the life insurance testing market. Sales of the Western Blot products declined 11% to $1.9 million as a result of an overall decline in demand and increased price competition. The Intercept product, which was launched in February 2000, and OraQuick, which began shipping in December 2000, generated approximately $300,000 and $80,000 of revenue, respectively, in 2000. As a percentage of product revenues, international product sales increased to approximately 14% in 2000 from 12% in 1999 as a result of increased international sales of the Histofreezer product and the OraSure collection devices.

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

	Dollars			Percentage of Total Revenues (%)	
	2000	1999	Percent Change (%)	2000	1999
Market sales					
Insurance testing	$12,742	$11,177	14	44	46
Public health	4,705	2,914	61	16	12
Physician offices	6,780	5,744	18	24	24
Substance abuse testing	3,179	2,527	26	11	11
Other markets	689	786	(12)	3	3
	28,095	23,148	21	98	96
License and product development	693	898	(23)	2	4
Total revenues	$28,788	$24,046	20	100	100

Sales to the insurance testing market increased by 14% to approximately $12.7 million in 2000 as a result of increased market acceptance of the oral specimen collection device and higher sales of the associated immunoassay tests. Sales to the public health market increased 61% to approximately $4.7 million in 2000 as a result of increased penetration of the Company's higher priced public health HIV kit. Sales to physician offices, which consist solely of the Histofreezer cryosurgical system, increased 18% to approximately $6.8 million in 2000 as a result of price and volume increases both domestically and internationally. Sales to the substance abuse testing market increased 26% to approximately $3.2 million in 2000 as a result of the market introduction of Intercept and increased Q.E.D. and forensic toxicology sales.

License and product development revenue decreased 23% to approximately $693,000 in 2000 from approximately $898,000 in 1999. During 2000, license and product development revenue primarily consisted of income from a collaboration with LabOne, Inc. related to the Intercept drugs-of-abuse service, a research agreement with Drager to develop specific target analytes for UPlink point-of-care drugs-of-abuse testing, and the first phase of a grant from the National Institutes of Health ("NIH") for the development of an oral fluid, laboratory-based test for syphilis using the OraSure collection device. During 1999, the Company received license and product development revenue in connection with a research agreement to collaborate on the development of analytes for point-of-care testing, a business and technology assessment of UPT for food pathogen applications, and the Company's collaboration with LabOne for the Intercept service.

During 2001, the Company plans to focus its efforts on the development of license and product development revenue from external research and development contracts. As of December 31, 2000, the Company was performing paid research and development for Drager, Meridian Bioscience, LabOne, and the NIH. In addition, the Company will continue to attempt to develop new relationships with third parties that are expected to generate revenue streams for the Company through research and development and supply agreements. There can be no assurance as to the Company's ability to enter into these types of arrangements or the timing of additional revenues, if any.

Total revenue is expected to increase by 50% to approximately $43 million in 2001, as a result of the expansion of OraQuick HIV-1/2 product sales in international markets, the launch of the first UPlink products in the second half of 2001, and the continued growth of other product lines. Partially offsetting this sales growth will be the elimination of $1.4 million of annual revenue associated with the suspended Serum Western Blot product line. In February 2001, the Company announced the indefinite suspension of its Serum Western Blot product. This product has historically been unprofitable due to low production yields and the high cost of ensuring the quality of the end product. The Company's ability to achieve the expected level of revenue will depend on a number of factors, including, but limited to, its ability to scale up manufacturing of OraQuick HIV-1/2, complete development of its UPlink products, and establish distribution channels for these and other products and obtain all required regulatory approvals and clearances (including completing any required clinical trials) in the United States and in other countries.

The Company's gross margin declined slightly to 61% in 2000 from 62% in 1999. The decline is the result of the Company expensing approximately $1.1 million of obsolete inventory, the suspension of the Serum Western Blot product line and manufacturing inefficiencies related to the start up of the OraQuick product line. Without these items, gross margin would have been 65% for the year 2000. Partially offsetting the gross margin reductions in 2000 were favorable changes in product mix and greater revenues compared to the Company's fixed costs.

In February 2001, the Company announced its plans to realign its manufacturing operations, which will include the elimination of the manufacturing of OraQuick in the Beaverton, Oregon facility, the installation of automated manufacturing equipment for OraQuick in Bethlehem, Pennsylvania, and the addition of manufacturing capacity in Thailand. This action will provide greatly expanded capacity for production of OraQuick and is expected to result in approximately $1.5 million in annual cost savings to the Company beginning in 2002.

Gross margins are anticipated to improve beginning in 2001 as a result of (1) the consolidation of manufacturing operations in Bethlehem, Pennsylvania, (2) Merger-related efficiencies, and (3) the suspension of the unprofitable Serum Western Blot product line.

Research and development expenses increased 86% to approximately $10.4 million in 2000 from approximately $5.6 million in 1999. Research and development efforts in 2000 were focused on the development of the OraQuick HIV-1/2 rapid test, development of the UPlink reader, test cassette and collector for drugs-of-abuse applications, DNA feasibility studies, and regulatory compliance. In addition, the Company also performed research and development activities with respect to additional Intercept products, new antibody development, and improvements to existing products.

Research and development expenses are expected to increase as clinical trials for OraQuick HIV-1/2 and UPlink research activities continue. In an effort to meet the aggressive development schedule for OraQuick and UPlink, the Company continues to hire additional personnel and has contracted with several outside consulting firms to supplement the Company's internal resources. The Company expects expenses related to the development of UPlink to increase over historical levels.

Sales and marketing expenses increased approximately 22% to approximately $6.9 million from approximately $5.7 million in 1999. This increase was primarily the result of costs to develop and establish foreign markets for OraQuick, which was launched at the XIII International AIDS Conference in Durban, South Africa in July 2000, costs associated with the national market launch of the Intercept drugs-of-abuse service that began in February 2000, and expanded sales activities for the Company's other product lines. Despite the increase in spending, sales and marketing expenses, as a percentage of 2000 revenues, remained constant at 24%.

In connection with the continued expansion of sales and marketing activities for the Company's new products, the Company anticipates an increase in its marketing and sales efforts to create market awareness and demand for these new products. In addition, the Company will focus its efforts on business plan development, market research, and staffing additions for the expected launch of the first UPlink products in 2001. In 1999, the Company paid $1.5 million to TPM Europe Holding B.V., its sublicensor (1) for the termination of an existing license agreement between the sublicensor and the Company with respect to the sublicense of UPT patents

owned by Leiden University, The Netherlands, and (2) to secure a direct research, development, and license arrangement with Leiden University. There were no such expenses in 2000. See "Results of Operations - 1999 Compared to 1998."

General and administrative expenses increased 10% to approximately $6.9 million in 2000 from approximately $6.2 million in 1999. This increase was the result of increased staffing levels and operating expenses associated with the facility expansion in Pennsylvania. Despite the increase of spending, general and administrative expenses, as a percentage of 2000 revenues, declined to 24% from 26%.

General and administrative expenses are expected to decline slightly in 2001 as the Company begins to achieve its Merger cost savings as a result of the consolidation of the Accounting, Financing, and Human Resources departments and the continued elimination of duplicative overhead structures. The Company anticipates that the total overhead cost savings will exceed approximately $1 million per year. The Company anticipates additional non-recurring costs resulting from the realignment of manufacturing operations to be approximately $400,000 in the first quarter of 2001.

Merger-related expenses were approximately $7.6 million in 2000. These costs included fees for investment bankers, attorneys and accountants, filing and soliciting proxies, employee severance, and integration costs.

Operating loss increased to approximately $14.1 million in 2000 from approximately $4.1 million in 1999 as a result of expenses associated with the Merger, increased research and development costs, and increased sales and marketing costs. Excluding the non-recurring Merger related expenses, the operating loss would have been approximately $6.5 million.

Interest expense decreased to approximately $491,000 in 2000 from approximately $545,000 in 1999 as a result of principal loan repayments and the refinancing of subordinated debt. Interest expense is expected to decrease in 2001 as a result of the continued repayment of term debt, coupled with the use of cash reserves and internally generated funds for future capital purchases.

Interest income increased to approximately $1.3 million in 2000 from approximately $595,000 in 1999 as a result of higher cash and cash equivalents available for investment as a result of the exercise of stock options and warrants. Interest income is expected to increase slightly in 2001 as a result of higher average cash balances.

Foreign currency loss was approximately $19,000 in 2000 compared to a loss of approximately $141,000 in 1999. Foreign currency fluctuations are not expected to have a material impact in 2001.

Gain on the sale of securities was $600,000 in 2000 as a result of a gain on the sale of A&W Preferred Stock the Company had received as a part of a settlement with A&W in 1997. There was no similar item in 1999.

During 2000, a provision for income taxes of approximately $24,000 was recorded.

Net loss was approximately $12.7 million in 2000 compared to approximately $4.2 million in 1999. Excluding the non-recurring Merger-related expenses, the net loss would have been approximately $5.1 million.

RESULTS OF OPERATIONS - 1999 COMPARED TO 1998

As a result of the Merger between Epitope and STC on September 29, 2000 and the subsequent change in the Company's fiscal year-end from September 30 to December 31, the Financial Data for 1999 reflects results for the twelve-month periods ended September 30, 1999 and December 31, 1999 for Epitope and STC, respectively, on a consolidated basis. The Financial Data for 1998 reflects results for the twelve-month periods ended September 30, 1998 and December 31, 1998 for Epitope and STC, respectively, on a consolidated basis. See Note 1 to the Company's Financial Statements for a discussion of the Merger and the change in fiscal year end.

Comparative results of operations are summarized as follows:

(In thousands)	Dollars			Percentage of Total Revenue (%)	
	1999	1998	Percent Change (%)	1999	1998
Revenues					
Product	$ 23,148	$ 20,246	14	96	99
License and product development	898	198	354	4	1
	24,046	20,444	18	100	100
Cost and expenses					
Cost of products sold	9,126	8,445	8	38	41
Research and development	5,591	4,455	25	23	22
Sales and marketing	5,697	4,670	22	24	23
Acquired in-process technology	1,500	-	N/A	6	-
General and administrative	6,224	5,151	21	26	25
	28,138	22,721	24	117	111
Operating loss	(4,092)	(2,277)	(80)	(17)	(11)
Interest expense	(545)	(570)	(5)	(2)	(3)
Interest income	595	468	27	2	2
Foreign currency gain (loss)	(141)	5	N/A	(1)	-
Loss before income taxes	(4,183)	(2,374)	(76)	(18)	(12)
Income taxes	50	-	N/A	-	-
Net loss	$(4,233)	$ (2,374)	(78)	(18)	(12)

Total revenue increased 18% to approximately $24.0 million in 1999 from approximately $20.4 million in 1998.

The table below shows the amount (in thousands) and percentage of the Company's total revenue contributed by each of its principal products and by license and product development activities.

	Dollars			Percentage of Total Revenue (%)	
	1999	1998	Percent Change(%)	1999	1998
Product revenue					
Oral specimen collection devices	$ 7,806	$ 7,195	8	32	36
OraQuick	-	-	-	-	-
Histofreezer cryosurgical systems	5,744	4,776	20	24	23
Immunoassay tests	6,158	4,804	28	26	23
Western Blot HIV confirmatory tests	2,133	2,370	(10)	9	12
Other product revenue	1,307	1,101	19	5	5
	23,148	20,246	14	96	99
License and product development	898	198	354	4	1
Total revenues	$ 24,046	$ 20,444	18	100	100

Product revenue increased 14% to approximately $23.1 million in 1999 from approximately $20.2 million in 1998. This increase was the result of sales of immunoassay tests, which grew 28% to approximately $6.2 million primarily as a result of increased insurance activity, and sales of Histofreezer, which increased 20% to approximately $5.7 million largely due to the acquisition of the worldwide Histofreezer product line in June 1998. Sales of the oral specimen collection devices increased 8% to approximately $7.8 million as a result of higher penetration in the life insurance and public health markets. Sales of the Western Blot product declined 10% to $2.1 million as a result of increasing competition. As a percentage of product revenue, international sales decreased to 12% in 1999 from 13% in 1998.

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

	Dollars			Percentage of Total Revenues (%)	
	1999	1998	Percent Change (%)	1999	1998
Market sales					
Insurance testing	$11,177	$ 9,311	20	46	46
Public health	2,914	2,944	(1)	12	14
Physician offices	5,744	4,776	20	24	23
Substance abuse testing	2,527	2,114	20	11	10
Other markets	786	1,101	(29)	3	6
	23,148	20,246	14	96	99
License and product development	898	198	354	4	1
Total revenues	$24,046	$ 20,444	18	100	100

Sales to the insurance testing market increased by 20% to approximately $11.2 million in 1999 as a result of increased market acceptance of the oral specimen collection device, increased testing volume of both urine and oral fluid products, and price increases. Sales to the public health market remained flat at approximately $2.9 million in 1999. Sales to physician offices, which consisted solely of the Histofreezer cryosurgical system, increased 20% to approximately $6.8 million in 1999 as a result of the Histofreezer acquisition in June, 1998. Sales to the substance

abuse testing market increased 20% to approximately $2.5 million in 1999 as a result of increased Q.E.D. and forensic toxicology sales.

Licensing and product development revenues increased 354% to approximately $898,000 in 1999 from approximately $198,000 in 1998. This increase was primarily the result of the Company beginning to secure research projects for the evaluation of UPT for a range of market applications. During 1999, the Company received licensing and product development revenues from a research agreement to collaborate on the development of analytes for point-of-care testing, a business and technology assessment of UPT for food pathogen applications, and the Company's partnership with LabOne for the Intercept service. During 1998, licensing and product development revenues consisted primarily of fees from outside parties to develop proprietary antibodies and revenues for the development of the Q.E.D. alcohol test.

The Company's gross margin increased to 62% in 1999 from 59% in 1998 primarily as a result of increased sales of high margin reagents and Histofreezer products and improved manufacturing operating processes, partially offset by a decline in gross margins of the Western Blot products.

Research and development expenses increased 25% to approximately $5.6 million in 1999 from approximately $4.5 million in 1998. Research and development efforts were focused on the development of the OraQuick HIV rapid test, UPT development, commercialization of the Intercept service, and FDA regulatory compliance. UPT efforts were focused on the development of a lateral flow device, particle size reduction, feasibility studies for on-site drugs-of-abuse and food borne pathogens testing, and development of the UPlink reader.

Sales and marketing expenses increased 22% to approximately $5.7 million in 1999 from approximately $4.7 million in 1998. This increase was primarily a result of the Company's preparation for the national market launch of the Intercept drugs-of-abuse service in February 2000, establishment of an international sales office in The Netherlands, and expanded sales activities for existing product lines.

In 1999, the Company paid $1.5 million to TPM Europe Holding B.V., its sublicensor (1) for the termination of an existing license agreement between the sublicensor and the Company with respect to the sublicense of UPT patents owned by Leiden University, The Netherlands, and (2) to secure a direct research, development, and license arrangement with Leiden University. The Company accounted for the purchase price as acquired in-process technology expense because, at the date of the transaction, the technology rights acquired by the Company related to UPT had not progressed to a stage where it met technological feasibility and there existed a significant amount of uncertainty as to the Company's ability to complete the development of the technology which would achieve market acceptance within a reasonable timeframe. In addition, the acquired in-process technology did not have an alternative future use to the Company that had reached technological feasibility. There were no such expenses in 1998.

General and administrative expenses increased 21% to approximately $6.2 million in 1999 from approximately $5.2 million in 1998, as a result of the amortization of the patent and product rights associated with the acquisition of worldwide distribution rights to Histofreezer in 1998, implementation of a management bonus plan, and increased staffing.

Operating loss increased to approximately $4.1 million in 1999 from approximately $2.3 million in 1998.

Interest expense decreased to approximately $545,000 in 1999 from $570,000 in 1998 as a result of principal loan repayments.

Interest income increased to approximately $595,000 in 1999 from approximately $468,000 in 1998 as a result of higher cash and cash equivalents.

Foreign currency loss was approximately $141,000 in 1999.

The net loss increased to approximately $4.2 million in 1999 from approximately $2.4 million in 1998.

LIQUIDITY AND CAPITAL RESOURCES

(In thousands)	December 31, 2000	1999
Cash and cash equivalents	$ 5,096	$ 2,050
Short-term investments	14,956	12,288
Working capital	21,495	16,313

The Company's cash and short-term investments position increased $5.7 million to approximately $20.1 million at December 31, 2000, primarily as a result of the receipt of $19.8 million of proceeds from the exercise of stock options and warrants to purchase Common Stock. This increase was largely offset by the continued losses from operations, capital investment into the infrastructure of the Company's facilities, and continued principal term debt repayments. At December 31, 2000, the Company's working capital was approximately $21.5 million.

Liquidity is expected to remain strong for the foreseeable future as a result of anticipated profitability in 2001. However, liquidity will be negatively affected by continued investment in research and development, construction of fully automated lateral flow manufacturing lines, principal loan repayments, and ongoing capital expenditure requirements.

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 and other factors.

Net cash used in operating activities was approximately $10.0 million, an increase of approximately $9.2 million over 1999 as a direct result of the 2000 net loss and increased accounts receivable levels as a result of continued sales growth. Partially offsetting these items were lower inventory levels and higher accruals and accounts payable levels. Excluding the non-recurring Merger-related expenses, net cash used in operating activities would have been approximately $2.4 million.

Net cash used in investing activities was approximately $5.6 million, primarily as a result of the Company's investment into tenant fit-out costs, additional laboratory and manufacturing equipment, and information systems equipment, offset by the sale of certain short-term investments.

Net cash provided by financing activities was approximately $18.7 million, primarily as a result of the proceeds received from the exercise of warrants and stock options of approximately $13.9 million and $5.7 million, respectively, partially offset by approximately $1.1 million of term debt repayments.

At December 31, 2000, the Company had a $1.0 million working capital line of credit in place with a bank that accrues interest at LIBOR plus 235 basis points. There were no borrowings under this line of credit at December 31, 2000. This lending facility expires June 30, 2001. The Company anticipates that this facility will be renewed.

At December 31, 2000, the Company had a $1.0 million equipment line of credit in place with a bank. Borrowings under this line of credit will accrue interest at a rate fixed at prime at the time of draw down. There were no

borrowings under this line of credit outstanding at December 31, 2000. The unused portion of this lending facility expires June 30, 2001. The Company anticipates that this facility will be renewed.

The credit facilities require, among other items, the maintenance of minimum financial ratios, and first lien position on all assets.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements." The bulletin draws on existing accounting rules and provided specific guidance on revenue recognition. The Company has followed such principles in its financial statements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133, as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133 - an amendment of FASB Statement No. 133", which had to be adopted by the Company on January 1, 2001, provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. The Company does not currently hold derivative instruments or engage in hedging activities, and accordingly, the adoption of this pronouncement did not have any impact on the Company's financial position or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company does not hold material amounts of derivative financial instruments, other financial instruments, or derivative commodity instruments, and accordingly has no material market risk to report under this Item. See Note 2 to the Consolidated Financial Statements included under Item 14.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133, as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133 - an amendment of FASB Statement No. 133", which had to be adopted by the Company on January 1, 2001, provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. The Company does not currently hold derivative instruments or engage in hedging activities, and accordingly, the adoption of this pronouncement did not have any impact on the Company's financial position or results of operations.

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 does not currently have any foreign currency exchange contracts or purchase currency options to hedge local currency cash flows. The Company has operations in The Netherlands which are subject to foreign currency fluctuations. As currency rates change, translation of income statements of these operations from local currencies to U.S. dollars affects year-to-year comparability of operating results. The Company's foreign operations represented approximately $4.0 million or 14% of the Company's revenues for the year ended December 31, 2000. Management does not expect the risk of foreign currency fluctuations to be material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Information with respect to this Item is contained in the Company's Financial Statements included in Item 14 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

On December 18, 2000, the Company dismissed PricewaterhouseCoopers LLP and retained Arthur Andersen LLP as its independent accountants. Disclosure of this action is set forth in the Company's Current Reports on Form 8-K dated December 18, 2000 and March 30, 2001.

PART III

The Company has omitted from Part III the information that will appear in the Company's Definitive Proxy Statement for its 2001 Annual Meeting of Stockholders (the "Proxy Statement"), which will be filed within 120 days after the end of the Company's fiscal year pursuant to Regulation 14A.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information required by this item is incorporated by reference to the information under the captions "Election of Directors," "Executive Officers," and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this item is incorporated by reference to the information under the caption "Executive Compensation" in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this item is incorporated by reference to the information under the caption "Principal Stockholders" in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this item is incorporated by reference to the information under the captions "Certain Relationships and Related Transactions" and "Employment Agreements" in the Proxy Statement.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a)(1) and (a)(2). For a list of the Financial Statements filed herewith, see the Index to Financial Statements following the signature page to this Report. No schedules are included with the Financial Statements because the required information is inapplicable or is presented in the Financial Statements or related notes thereto.

(a)(3) Exhibits. See Index to Exhibits following the Financial Statements in this Report.

(b) Reports on Form 8-K.

1. Current Report on Form 8-K dated September 29, 2000 disclosing the merger of STC Technologies, Inc. and Epitope Inc. into the Company and certain related matters.

2. Current Report on Form 8-K dated December 15, 2000 attaching a press release of the Company announcing the date for the 2001 Annual Meeting of Shareholders and the dates by which certain matters must be submitted by shareholders in order to be included in the Company's Proxy Statement or considered at the meeting.

3. Current Report on Form 8-K dated December 18, 2000 disclosing the dismissal of PricewaterhouseCoopers LLP and the engagement of Arthur Andersen LLP as the Company's independent accountants.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on March 31, 2001.

ORASURE TECHNOLOGIES, INC.

By: /s/ Robert D. Thompson

Robert D. Thompson
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on March 31, 2001, by the following persons on behalf of the Registrant and in the capacities indicated.

SIGNATURE	TITLE
/s/ Robert D. Thompson Robert D. Thompson	Chief Executive Officer and Director (Principal Executive Officer)
/s/ Richard D. Hooper Richard D. Hooper	Vice President - Finance and Chief Financial Officer (Principal Financial Officer)
/s/ Mark L. Kuna Mark L. Kuna	Controller (Principal Accounting Officer)
/s/ Michael J. Gausling Michael J. Gausling	President, Chief Operating Officer and Director
*MICHAEL G. BOLTON Michael G. Bolton	Director
*WILLIAM W. CROUSE William W. Crouse	Director
*FRANK G. HAUSMANN Frank G. Hausmann	Director
*ROGER L. PRINGLE Roger L. Pringle	Director

*/s/ Robert D. Thompson

Robert D. Thompson
(Attorney-in-Fact)

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To OraSure Technologies, Inc.:

We have audited the accompanying balance sheets of OraSure Technologies, Inc. (a Delaware corporation) as of December 31, 2000 and 1999, and the related statements of operations, stockholders' equity and cash flows for the year ended December 31, 2000, the three months ended December 31, 1999, and for each of the two years in the period ended September 30, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Epitope, Inc., a company acquired during 2000 in a transaction accounted for as a pooling of interests, as discussed in Note 1. Such statements are included in the financial statements of OraSure Technologies, Inc. and reflect total assets of 34 percent at December 31, 1999 and total revenues of 39 percent, 42 percent and 48 percent for the three months ended December 31, 1999 and years ended September 30, 1999 and 1998, respectively, of the related totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included for Epitope, Inc., is based solely upon the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of OraSure Technologies, Inc. as of December 31, 2000 and 1999, and the results of its operations and its cash flows for the year ended December 31, 2000, the three months ended December 31, 1999, and for each of the two years in the period ended September 30, 1999, in conformity with accounting principles generally accepted in the United States.

/S/ ARTHUR ANDERSEN LLP

Philadelphia, Pennsylvania
February 23, 2001

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
OraSure Technologies, Inc.

In our opinion, the consolidated balance sheet and the related consolidated statements of operations, of changes in shareholders' equity and of cash flows of Epitope, Inc. (the Company) (not presented herein) present fairly, in all material respects, the financial position of the Company and its subsidiaries at December 31, 1999 and the results of their operations and their cash flows for the three months ended December 31, 1999 and for each of the two years in the period ended September 30, 1999, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. We have not audited the consolidated financial statements of the Company for any period subsequent to December 31, 1999.

/s/ PricewaterhouseCoopers LLP

Portland, Oregon
January 15, 2001

ORASURE TECHNOLOGIES, INC.

BALANCE SHEETS

	December 31,	
	2000	1999
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,095,639	$ 2,049,644
Short-term investments	14,956,779	12,287,795
Accounts receivable, net of allowance for doubtful accounts of $114,685 and $118,954	5,276,772	3,884,395
Notes receivable from officer	175,649	--
Inventories	1,495,604	2,405,439
Prepaid expenses and other	1,189,210	742,082
Total current assets	28,189,653	21,369,355
PROPERTY AND EQUIPMENT, net	6,738,034	5,155,815
PATENTS AND PRODUCT RIGHTS, net	2,402,386	2,598,308
OTHER ASSETS	406,099	502,549
	$37,736,172	$29,626,027
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	$ 1,125,138	$ 1,054,462
Accounts payable	1,522,295	1,213,506
Accrued expenses	4,047,231	2,787,727
Total current liabilities	6,694,664	5,055,695
LONG-TERM DEBT	4,644,098	5,819,980
OTHER LIABILITIES	225,334	512,000
COMMITMENTS AND CONTINGENCIES (Note 11)		
STOCKHOLDERS' EQUITY:		
Preferred stock, par value $.000001; 25,000,000 shares authorized, none issued	--	--
Common stock, par value $.000001; 120,000,000 shares authorized, 36,434,004 and 32,632,911 shares issued and outstanding	36	33
Additional paid-in capital	148,767,789	128,115,489
Accumulated other comprehensive loss	(231,247)	(259,218)
Accumulated deficit	(122,364,502)	(109,617,952)
Total stockholders' equity	26,172,076	18,238,352
	$37,736,172	$29,626,027

The accompanying notes are an integral part of these statements.

ORASURE TECHNOLOGIES, INC.

STATEMENTS OF OPERATIONS

	For the year ended December 31, 2000	For the three months ended December 31, 1999	For the year ended September 30, 1999	1998
REVENUES:				
Product	$ 28,095,408	$ 6,460,501	$ 23,147,808	$20,246,374
Licensing and product development	692,808	361,153	898,213	197,652
	28,788,216	6,821,654	24,046,021	20,444,026
COSTS AND EXPENSES:				
Cost of products sold	11,102,096	2,491,760	9,125,995	8,444,781
Research and development	10,399,120	1,412,288	5,590,807	4,455,105
Sales and marketing	6,932,068	1,682,030	5,696,673	4,669,763
General and administrative	6,876,516	1,518,488	6,224,408	5,150,913
Acquired in-process technology	--	--	1,500,000	--
Merger related	7,607,158	--	--	--
	42,916,958	7,104,566	28,137,883	22,720,562
Operating loss	(14,128,742)	(282,912)	(4,091,862)	(2,276,536)
INTEREST EXPENSE	(490,415)	(135,357)	(544,643)	(570,083)
INTEREST INCOME	1,315,666	183,855	594,928	467,668
FOREIGN CURRENCY GAIN (LOSS)	(18,696)	(186,873)	(141,687)	4,805
GAIN ON SALE OF SECURITIES	600,000	--	--	--
Loss before income taxes	(12,722,187)	(421,287)	(4,183,264)	(2,374,146)
INCOME TAXES	24,363	50,000	50,000	--
NET LOSS	$ (12,746,550)	$ (471,287)	$(4,233,264)	$(2,374,146)
BASIC AND DILUTED NET LOSS PER SHARE	$ (0.36)	$ (0.02)	$ (0.14)	$ (0.09)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	35,002,283	30,887,007	30,596,882	26,179,670

The accompanying notes are an integral part of these statements.

ORASURE TECHNOLOGIES, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock			Accumulated Other		
	Shares	Amount	Additional Paid-in Capital	Comprehensive Income (Loss)	Accumulated Deficit	Total
BALANCE AT SEPTEMBER 30, 1997	26,105,351	$ 26	$114,709,501	$ --	$(96,836,800)	$17,872,727
Common stock issued upon exercise of options	91,278	--	411,052	--	--	411,052
Common stock issued under Employee Stock Purchase Plan and Savings Plan	31,711	--	135,554	--	--	135,554
Compensation expense for stock option grants	--	--	333,241	--	--	333,241
Spin-off of former subsidiary	--	--	--	--	(5,692,017)	(5,692,017)
Comprehensive loss:						
Net loss	--	--	--	--	(2,374,146)	(2,374,146)
Currency translation adjustment	--	--	--	15,042	--	15,042
Total comprehensive loss						(2,359,104)
BALANCE AT SEPTEMBER 30, 1998	26,228,340	26	115,589,348	15,042	(104,902,963)	10,701,453
Sale of common stock, net of expenses	5,720,003	6	8,851,345	--	--	8,851,351
Common stock issued upon exercise of options	632,580	1	3,028,575	--	--	3,028,576
Common stock issued as compensation	6,233	--	29,996	--	--	29,996
Common stock issued under Employee Stock Purchase Plan and Savings Plan	28,965	--	135,172	--	--	135,172
Compensation expense for stock option grants	--	--	321,006	--	--	321,006
Comprehensive loss:						
Net loss	--	--	--	--	(4,233,264)	(4,233,264)
Currency translation adjustment	--	--	--	(74,260)	--	(74,260)
Unrealized loss on marketable securities	--	--	--	(200,000)	--	(200,000)
Total comprehensive loss						(4,507,524)

ORASURE TECHNOLOGIES, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)

	Common Stock			Accumulated Other		
	Shares	Amount	Additional Paid-in Capital	Comprehensive Income (Loss)	Accumulated Deficit	Total
BALANCE AT SEPTEMBER 30, 1999	32,616,121	33	127,955,442	(259,218)	(109,136,227)	18,560,030
Common stock issued upon exercise of options	12,846	--	58,250	--	--	58,250
Common stock issued under Employee Stock Purchase Plan and Savings Plan	3,944	--	21,689	--	--	21,689
Compensation expense for stock option grants	--	--	87,200	--	--	87,200
Comprehensive loss:						
Net loss	--	--	--	--	(471,287)	(471,287)
Currency translation adjustment	--	--	--	(38,298)	--	(38,298)
Unrealized loss on marketable securities	--	--	--	(131,250)	--	(131,250)
Adjustment for change in year-end	--	--	(7,092)	169,548	(10,438)	152,018
Total comprehensive loss						(488,817)
BALANCE AT DECEMBER 31, 1999	32,632,911	33	128,115,489	(259,218)	(109,617,952)	18,238,352
Common stock issued upon exercise of options	1,319,624	1	5,720,997	--	--	5,720,998
Common stock issued upon exercise of warrants	2,405,907	2	13,865,364	--	--	13,865,366
Common stock issued under Employee Stock Purchase Plan and Savings Plan	75,562	--	273,254	--	--	273,254
Compensation expense for stock option grants	--	--	792,685	--	--	792,685
Comprehensive loss:						
Net loss	--	--	--	--	(12,746,550)	(12,746,550)
Currency translation adjustment	--	--	--	(61,140)	--	(61,140)
Unrealized gain on marketable securities	--	--	--	88,111	--	89,111
Total comprehensive loss						(12,718,579)
BALANCE AT DECEMBER 31, 2000	36,434,004	$ 36	$148,767,789	$ (231,247)	$(122,364,502)	$26,172,076

The accompanying notes are an integral part of these statements.

ORASURE TECHNOLOGIES, INC.

STATEMENTS OF CASH FLOWS

	For the year ended December 31, 2000	For the three months ended December 31, 1999	For the year ended September 30, 1999	1998
OPERATING ACTIVITIES:				
Net loss	$ (12,746,550)	$ (471,287)	$(4,233,264)	$(2,374,146)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Stock based compensation expense	792,685	87,200	321,006	333,241
Common stock issued as compensation for services	62,409	--	105,471	80,740
Amortization of deferred revenue	(143,333)	(40,313)	(107,500)	--
Acquired in - process technology	--	--	1,500,000	--
Depreciation and amortization	2,243,001	448,654	1,855,479	1,739,464
Gain on sale of securities	(600,000)	--	--	--
(Gain) loss on sale of property and equipment	10,844	42,245	(36,952)	31,290
Deferred income taxes	--	91,497	--	--
Changes in assets and liabilities-				
Accounts receivable	(1,853,514)	(261,924)	(985,070)	(731,290)
Inventories	909,835	237,956	(300,882)	116,840
Prepaid expenses and other	(103,632)	(76,981)	227,090	(578,775)
Accounts payable	308,789	(199,275)	47,904	665,809
Accrued expenses	1,125,020	482,312	843,381	(434,459)
Net cash provided by (used in) operating activities	(9,994,446)	340,084	(763,337)	(1,151,286)
INVESTING ACTIVITIES:				
Purchases of property and equipment	(3,071,565)	(626,036)	(1,701,520)	(863,057)
Proceeds from the sale of property and equipment	--	78,250	98,250	37,629
Purchase of patents and product rights	(619,589)	(18,024)	(1,627,377)	(2,705,753)
Purchase of short-term investments	(24,869,468)	(1,250,261)	(37,624,613)	(13,524,782)
Proceeds from sale of short-term investments	22,339,595	2,016,757	29,383,614	16,529,760
Proceeds from sale of securities	600,000	--	--	--
Investment in affiliated companies	(20,404)	(32,181)	(17,435)	(1,090)
Net cash provided by (used in) investing activities	(5,641,431)	168,505	(11,489,081)	(527,293)
FINANCING ACTIVITIES:				
Proceeds from term debt	--	--	2,219,433	6,650,000
Repayment of term debt	(1,054,194)	(250,374)	(1,872,475)	(4,905,166)
Net proceeds from issuance of common stock	19,797,206	79,939	11,939,624	465,866
Capital contribution to former wholly owned subsidiary subsequently spun-off	--	--	--	(2,129,291)
Net cash provided by (used in) financing activities	18,743,012	(170,435)	12,286,582	81,409
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(61,140)	(38,298)	(74,260)	15,042
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,045,995	299,856	(40,096)	(1,582,128)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2,049,644	1,749,788	2,370,469	3,952,597
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 5,095,639	$ 2,049,644	$ 2,330,373	$ 2,370,469

The accompanying notes are an integral part of these statements.

1. BACKGROUND:

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 point-of-care testing in the United States and certain foreign countries.

Merger

On September 29, 2000, STC Technologies, Inc. ("STC") and Epitope, Inc. ("Epitope") were merged (the "Merger") into the Company, a newly formed subsidiary of Epitope incorporated under Delaware law solely for the purposes of combining the two companies and changing the state of incorporation of Epitope from Oregon to Delaware. The companies were merged pursuant to an Agreement and Plan of Merger, dated May 6, 2000 (the "Merger Agreement"), by and among Epitope, the Company and STC. The shareholders of STC and Epitope approved the Merger Agreement on September 29, 2000.

As a result of the Merger, each share of STC common stock was converted into five and two hundred ninety-six one thousandths (5.296) shares of the Company's common stock and each share of Epitope common stock was converted into one share of the Company's common stock. Of the 36,434,004 shares of common stock of the Company issued and outstanding at December 31, 2000, 18,373,884 shares were issued to the former stockholders of STC.

The Merger was accounted for as a pooling of interests and, accordingly, all prior period financial statements of Epitope have been restated to include the results of operations, financial position and cash flows of STC. Information concerning common stock, employee stock plans and per share data has been restated on an equivalent share basis. The financial statements as of September 30, 1999 and for each of the two years in the period ended September 30, 1999 include Epitope's previous September 30 fiscal year amounts and STC's December 31 calendar year amounts for the corresponding fiscal years of Epitope.

Change in year-end

On September 29, 2000, the Board of Directors of Epitope approved a change in the fiscal year-end of Epitope from September 30 to December 31, effective with the calendar year beginning January 1, 2000. A three-month transition period from October 1, 1999 through December 31, 1999 (the "Transition Period") precedes the start of the 2000 fiscal year. "1999" and "1998" refer to the respective years ended September 30, and include Epitope's previous September 30 fiscal year amounts and STC's December 31 calendar year amounts for the corresponding fiscal years of Epitope, and "2000" refers to the twelve months ended December 31, 2000. As a result of the Merger, financial statements for the Transition Period include amounts for Epitope and STC for the three months ended December 31, 1999. Accordingly, STC's results of operations for the three months ended December 31, 1999 are included in both the financial statements for 1999 and for the Transition Period. Included in the statement of stockholders' equity is a $152,018 adjustment for the change in fiscal year-end, which represents STC's results of operations for the three months ended December 31, 1999 that is included in both 1999 and the Transition Period.

The reconciliation of revenues, operating income (loss) and net income (loss) of Epitope and STC for the periods prior to the combination are as follows:

	Three months ended December 31, 1999	Year ended September 30, 1999	1998
Revenues:			
Epitope	$ 2,669,026	$10,031,020	$ 9,791,582
STC	4,152,628	14,015,001	10,652,444
Combined	$ 6,821,654	$24,046,021	$20,444,026
Operating income (loss):			
Epitope	$ (549,488)	$(3,515,544)	$(2,281,834)
STC	266,576	(576,318)	5,298
Combined	$ (282,912)	$(4,091,862)	$(2,276,536)
Net income (loss):			
Epitope	$ (481,725)	$(3,237,644)	$(1,928,008)
STC	10,438	(995,620)	(446,138)
Combined	$ (471,287)	$(4,233,264)	$(2,374,146)

There were no material adjustments required to conform the accounting policies of the two companies. Certain amounts of Epitope have been reclassified to conform to the current presentation. The amounts depicted above for Epitope for the Transition Period have been adjusted to reflect the elimination of intercompany transactions between Epitope and STC. Accordingly, these amounts will differ from the results as previously published by Epitope on Form 10-Q for the three months ended December 31, 1999.

In connection with the Merger, the Company recorded merger-related expenses of $7.6 million. The categories of costs incurred, the actual cash payments made in 2000 and the accrued balances at December 31, 2000 are summarized below:

	Total	Amounts Paid in 2000	Accrued Balance at December 31, 2000
Cash costs			
Transaction costs	$ 5,273,748	$5,273,748	$ --
Employee costs	1,079,607	497,982	581,625
Other integration costs	608,393	499,268	109,125
	6,961,748	$6,270,998	$ 690,750
Non-cash costs	645,410		
Total	$ 7,607,158		

Transaction costs include investment banking, legal, accounting, printing and other direct costs of the Merger. Employee costs represent severance benefits paid to terminated employees whose responsibilities were deemed redundant as a result of the Merger, as well as certain relocation expenses. Accrued employee costs at December 31, 2000 will be paid to the employees through the second quarter of 2001.

Other integration costs include financial system conversion costs and integration-related travel expenses. The non-cash charge of $645,410 represents the amount of unamortized deferred compensation on certain nonqualified options granted by Epitope in prior years, which was immediately accelerated upon the closing of the Merger under terms of Epitope's stock option plans.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of ninety days or less to be cash equivalents. As of December 31, 2000, cash equivalents consisted of certificates of deposit, commercial paper and U.S. government agency obligations.

Short-term Investments

Short-term investments consist of treasury notes, certificates of deposits and other government obligations with original maturities greater than ninety days and less than one year. Such investments are recorded at fair value due to the nature of the maturities.

Supplemental Cash Flow Information

For 2000, the Transition Period, 1999 and 1998, the Company paid interest of $490,410, $135,357, $565,025 and $495,667, respectively.

For 2000, the Transition Period, 1999 and 1998, the Company recorded provisions for bad debts of $0, $0, $8,851, and $17,229, respectively. The Company had deductions of $4,269, $0, $0 and $0 against the allowance for doubtful accounts in 2000, the Transition Period, 1999 and 1998, respectively.

Inventories

Inventories are stated at the lower of cost or market determined on a first-in, first-out basis. The Company currently buys its entire Histofreezer product from a foreign vendor. Purchases are payable in foreign currency. Changes in the exchange rate would impact the Company's product cost.

Property and Equipment

Property and equipment are stated at cost. Additions or improvements are capitalized, while repairs and maintenance are charged to expense. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the related assets or the lease term, whichever is shorter. Buildings are depreciated over 20 years, while computer equipment, machinery and equipment, and furniture and fixtures are depreciated over 3 to 7 years. Leasehold improvements are generally amortized over the shorter of the estimated useful lives or the terms of the related leases. When assets are sold or otherwise disposed of, the related property amounts are relieved from the accounts, and any gain or loss is recorded in the statement of operations.

Patents and Product Rights

Patents and product rights consist of costs associated with the acquisition of patents and product distribution rights and direct costs associated with patent submissions. Patents and product rights are amortized using the straight-line method over estimated useful lives of five to ten years. Amortization

expense for 2000, the Transition Period, 1999 and 1998 was $816,111, $123,366, $482,106 and $372,703, respectively.

Long-term Investments

Included in other assets is an investment in a warrant to purchase 50,000 shares of LabOne, Inc. common stock, which is classified as available-for-sale securities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Available-for-sale securities are carried at fair value, based on quoted market prices, with unrealized gains and losses reported as a separate component of stockholders' equity. As of December 31, 2000 and 1999, the Company had $250,000 and $200,000 of unrealized losses related to these securities, respectively.

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"). The bulletin 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

In 2000, 1999, and 1998, one customer accounted for approximately 23 percent, 19 percent, and 20 percent of total revenues, respectively. The same customer accounted for 20 percent and 16 percent of accounts receivable as of December 31, 2000 and 1999, respectively.

Research and Development

Research and development costs are charged to expense as incurred.

Income Taxes

The Company follows SFAS No. 109, "Accounting for Income Taxes" ("SFAS No. 109"), pursuant to which the liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates that are expected to be in effect when the differences reverse.

Foreign Currency Translation

Pursuant to 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.

Stock-Based Compensation

The Company accounts for stock-based compensation to employees using the intrinsic value method in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." The Company accounts for stock-based compensation to nonemployees using the fair value

method in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation" and Emerging Issues Task Force 96-18.

Net Loss Per Common Share

The Company has presented basic and diluted net loss per 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 share has been computed using the weighted-average number of shares of common stock outstanding during the period. Diluted loss per 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 4,677,357, 6,907,212, 7,002,673, and 6,495,506 shares were excluded from the computation of diluted net loss per common share for 2000, the Transition Period, 1999 and 1998, respectively, because they were anti-dilutive due to the Company's losses.

Impairment of Long-Lived Assets

In accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," if indicators of impairment exist, the Company assesses the recoverability of the affected long-lived assets, which include property and equipment and patents and product rights, by determining whether the carrying value of such assets can be recovered through undiscounted future operating cash flows. If impairment is indicated, the Company measures the amount of such impairment by comparing the carrying value of the assets to the present value of the expected future cash flows associated with the use of the asset. Management believes the future cash flows to be received from the long-lived assets will exceed the assets' carrying value, and accordingly the Company has not recognized any impairment losses through December 31, 2000.

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.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133, as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of Effective Date of FASB Statement No. 133 - an amendment of FASB Statement No. 133", which had to be adopted by the Company on January 1, 2001, provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. The Company does not currently hold derivative instruments or engage in hedging activities, and accordingly, the adoption of this pronouncement did not have any impact on the Company's financial position or results of operations.

Gain on Sale of Securities

In December 1996, a subsidiary of the Company completed a merger with Andrew and Williamson Sales, Co. ("A&W"), which was rescinded on May 27, 1997. The Company received A&W preferred stock in the recission, which had been carried at zero value due to the circumstances surrounding A&W's financial condition at the time the stock was received in 1997. In 2000, the Company sold the A&W preferred stock for $600,000.

3. INVENTORIES:

	December 31,	
	2000	1999
Raw materials	$ 473,575	$ 581,347
Work in process	348,819	688,168
Finished goods	673,210	1,135,924
	$1,495,604	$2,405,439

4. PROPERTY AND EQUIPMENT:

	December 31,	
	2000	1999
Building and leasehold improvements	$4,599,859	$3,770,388
Machinery and equipment	7,778,494	7,390,478
Computer equipment	2,134,411	1,734,065
Furniture and fixtures	1,096,176	1,070,720
Vehicles	70,411	108,997
Construction in progress	942,937	415,776
	16,622,288	14,490,424
Less- Accumulated depreciation and amortization	(9,884,254)	(9,334,609)
	$6,738,034	$5,155,815

Depreciation expense was $1,426,890, $325,288, $1,373,373 and $1,366,761 for 2000, the Transition Period, 1999 and 1998, respectively.

5. ACQUISITION OF PATENTS AND PRODUCT RIGHTS:

On June 9, 1998, the Company acquired the patents and exclusive worldwide distribution rights to the Histofreezer product. The purchase price of $2,548,690, including transaction costs, has been recorded as patents and product rights and is being amortized using the straight-line method over an estimated useful life of 10 years. In connection with the acquisition, the Company also entered into a five-year production agreement with the seller of the Histofreezer product.

6. ACCRUED EXPENSES:

	December 31,	
	2000	1999
Payroll and related benefits	$1,317,774	$ 920,262
Professional fees	289,227	366,730
Deferred revenue	475,709	166,437
Other	1,964,521	1,334,298
	$4,047,231	$2,787,727

7. CREDIT FACILITIES:

The Company has a $1,000,000 revolving line of credit with a bank which bears interest at LIBOR plus 235 basis points. Borrowings under this line are collateralized by the Company's accounts receivable. The line expires on June 30, 2001. There were no borrowings against the line at December 31, 2000 or 1999.

The Company also has a $1,000,000 equipment facility with a bank, with interest fixed at the bank's prime rate on the date of commencement. Borrowings under this line are collateralized by the equipment financed. There were no outstanding borrowings under this facility as of December 31, 2000 or 1999. The unused portion of the equipment facility expires on June 30, 2001.

These credit facilities require, among other items, the maintenance of certain financial covenants.

8. LONG-TERM DEBT:

	December 31,	
	2000	1999
Note payable to bank, interest at 8%, monthly installments of principal and interest of $59,219 through December 2003, and monthly installments of remaining principal and interest based on the prime rate plus 1% through December 2005, secured by certain property and equipment, inventory and intangible assets.	$ 2,927,226	$ 3,379,663
Note payable to bank, interest at 8%, monthly installments of principal and interest of $8,181 through December 2003, secured by the Company's building.	928,021	949,750
Note payable to Pennsylvania Industrial Development Authority, interest at 2%, monthly installments of principal and interest of $4,895 through March 2010, secured by a second lien on the Company's building.	491,518	539,885
Note payable to bank, interest at 7.8%, monthly installments of principal and interest of $23,146 through July 2004, secured by certain property and equipment, inventory and intangible assets.	864,937	1,065,410
Note payable to bank, interest at 7.75%, monthly installments of principal and interest of $31,271 through July 2002, secured by certain property and equipment, inventory and intangible assets.	557,534	875,168
Notes payable to bank	--	64,566
	5,769,236	6,874,442
Less- Current portion	(1,125,138)	(1,054,462)
	$ 4,644,098	$ 5,819,980

Long-term debt maturities as of December 31, 2000 are as follows:

2001	$1,125,138
2002	1,057,581
2003	911,069
2004	869,425
2005	783,585
Thereafter	1,022,438
	$5,769,236

9. INCOME TAXES:

At December 31, 2000, the Company had net operating loss carryforwards for federal income tax purposes of approximately $64.4 million that have begun to expire and will continue to expire through 2020. The Tax Reform Act of 1986 contains provisions that may limit the annual amount of net operating loss carryforward available to be used in any given year in the event of significant changes in ownership. In connection with the Merger, a change in ownership occurred. Management believes the annual limitation will not have a material effect on the Company's ability to utilize its loss carryforwards. Given the Company's losses in recent years, management believes a valuation allowance is needed as of December 31, 2000.

The tax effect of temporary differences as established in accordance with SFAS No. 109 that give rise to deferred income taxes is as follows:

	December 31,	
	2000	1999
Deferred tax asset:		
Net operating loss carryforwards	$ 24,901,000	$ 20,355,000
Stock based compensation	2,253,000	1,945,000
Accruals and reserves currently not deductible	1,384,000	1,267,000
Patent costs	491,000	526,000
Research and development credit carryforwards	1,677,000	1,427,000
Valuation allowance on deferred tax assets	(30,706,000)	(25,520,000)
	$ --	$ --

10. STOCKHOLDERS' EQUITY:

Stock Options

As a result of the Merger, the Epitope, Inc. 2000 Stock Award Plan was adopted by the Company and renamed the OraSure Technologies, Inc. 2000 Stock Award Plan (the "2000 Plan"). The 2000 Plan permits stock-based awards to employees, outside directors and consultants or other third-party advisors. Awards which may be granted under the 2000 Plan include qualified incentive stock options, nonqualified stock options, stock appreciation rights, restricted awards, performance awards and other stock-based awards.

Under the terms of the 2000 Plan, qualified incentive stock options on shares of common stock may be granted to eligible employees, including officers of the Company. To date, options have generally been granted with ten year exercise periods and an exercise price not less than the fair market value on date of grant. Options generally vest over four years, with one quarter of the options vesting one year after grant with the remainder vesting on a monthly basis over the next three years.

The 2000 Plan also provides that nonqualified options may be granted at a price not less than 75 percent of the fair market value of a share of common stock on the date of grant. The option term and vesting schedule of such awards may either be unlimited or have a specified period in which to vest and be exercised. For the discounted nonqualified options issued, the Company amortizes, on a straight-line basis over the vesting period of the options, the difference between the exercise price and the fair market value of a share of stock on the date of grant.

The Company applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and the related interpretations in accounting for its stock option plans. Accordingly, compensation expense is recognized for the intrinsic value (the difference between the exercise price and the fair value of the Company's common stock) on the date of grant. Compensation, if any, is deferred and charged to expense over the respective vesting period. In 2000, the Company issued an executive 375,000 options to purchase common stock for $4.59 per share. The fair market value of the Company's common stock at the date of issuance was $6.13. The Company recorded compensation of $577,500 on the date of

grant to be amortized over the vesting period of three years. However, the options immediately vested upon the closing of the Merger in accordance with change in control rights contained in the stock option plans. As a result, the Company recorded $577,500 of compensation expense in 2000 related to the options. The Company recorded an additional $215,185 of compensation expense in 2000 due to the amortization of deferred compensation related to other stock options due to the change in control rights provided under the Epitope stock option plans.

Under SFAS No. 123, "Accounting for Stock-Based Compensation," compensation cost related to stock options granted to employees is computed based on the value of the stock option at the date of grant using an option valuation methodology, typically the Black-Scholes pricing model. The Company follows the disclosure requirements of SFAS No. 123, "Accounting for Stock-Based Compensation." Had compensation cost for the Company's common stock option plan been determined based upon the fair value of the options at the date of grant, as prescribed under SFAS No. 123, the Company's net loss for 2000, 1999 and 1998 would have increased as follows:

	Year ended December 31, 2000	Year ended September 30, 1999	1998
Net loss:			
As reported	$(12,746,550)	$ (4,233,264)	$ (2,374,146)
Pro forma	$(17,611,122)	$ (6,553,202)	$ (5,439,224)
Basic and diluted net loss per share:			
As reported	$ (0.36)	$ (0.14)	$ (0.09)
Pro forma	$ (0.50)	$ (0.21)	$ (0.21)

The weighted average fair value of the options granted during 2000, 1999 and 1998, is estimated at $4.96, $2.44 and $1.62, respectively, per share, using the Black-Scholes option pricing model with the following assumptions: dividend yield of zero; volatility of 64 percent, 55 percent and 50 percent, respectively; weighted average risk-free interest rate of 6.13 percent, 5.31 percent and 5.70 percent, respectively; and an expected life of 7.0, 4.3 and 3.9 years, respectively.

Information with respect to the options granted under the 2000 Plan and predecessor plans is as follows:

	Shares	Price per Share
Balance, September 30, 1997	3,838,194	$2.83 - 20.38
Granted	4,247,748	1.29 - 18.17
Exercised	(91,278)	2.79 - 5.04
Canceled	(4,036,465)	2.83 - 20.38
Balance, September 30, 1998	3,958,199	1.29 - 18.17
Granted	1,331,869	0.80 - 6.84
Exercised	(632,580)	3.54 - 6.31
Canceled	(242,122)	0.80 - 18.17
Balance, September 30, 1999	4,415,366	0.80 - 3.97
Granted	584,143	0.80 - 3.97
Exercised	(17,846)	3.22 - 5.04
Canceled	(184,228)	0.80 - 18.17
Adjustment for change in year end	(427,530)	0.80 - 2.83
Balance, December 31, 1999	4,369,905	0.80 - 18.17
Granted	1,596,142	4.59 - 15.03
Exercised	(1,319,624)	0.80 - 6.00
Canceled	(139,066)	0.80 - 18.17
Balance, December 31, 2000	4,507,357	$0.80 - 15.03

At December 31, 2000, 1,802,591 shares were available for future grants under the 2000 Plan. The following table summarizes information about stock options outstanding at December 31, 2000:

	Options outstanding			Options exercisable	
Range of exercise price	Number outstanding	Weighted average remaining life	Weighted average exercise price	Number exercisable	Weighted average exercise price
$ 0.80	641,647	8.4	$ 0.80	214,360	$ 0.80
$ 1.29 to $3.22	455,968	7.0	2.89	414,408	2.90
$ 3.51 to $4.17	465,675	13.9	4.09	465,675	4.09
$ 4.22 to $4.59	500,000	16.1	4.51	500,000	4.51
$ 4.69 to $5.00	205,362	8.1	4.82	205,362	4.82
$ 5.04	705,686	12.2	5.04	705,686	5.04
$ 5.05 to $6.84	297,627	8.3	6.55	295,627	6.56
$ 7.09	1,069,432	10.0	7.09	--	--
$ 7.30 to $14.81	163,960	9.3	10.62	34,500	12.61
$ 15.03	2,000	9.5	15.03	2,000	15.03
	4,507,357	10.70	$ 4.84	2,837,618	$ 4.40

Employee Stock Purchase Plan
- ----------------------------

In 1993, the shareholders approved Epitope's adoption of the 1993 Employee Stock Purchase Plan ("1993 ESPP"). The plan, as subsequently approved and amended by Epitope's shareholders, covers a maximum of 500,000 shares of common stock for subscription over established offering periods. As a result of the Merger, the 1993 ESPP was adopted and renamed by the Company. The Compensation Committee of the Board of directors determines the number of offering periods, the number of shares offered, and the length of each period, provided that no more than three offering periods may be set during each fiscal year of the Company. The purchase price for stock purchased under the 1993 ESPP for each subscription period is the lesser of 85 percent of the fair market value of a share of common stock at the commencement of the subscription period or the fair market value at the close of the subscription period. An employee may also elect to withdraw at any time during the subscription period and receive the amounts paid plus interest at the rate of 6 percent.

As of December 31, 2000, 4,907 shares of common stock were subscribed for through one offering. Shares subscribed for under this 1993 ESPP offering may be purchased over 24 months and had an initial subscription price of $3.96. During the year ended December 31, 2000, 70,253 shares were issued at prices ranging from $2.74 to $4.78 per share under the 1993 ESPP.

As of September 30, 1999, 82,712 shares of common stock were subscribed for through two offerings under the 1993 ESPP. Shares subscribed for under these offerings may be purchased over 24 months and had initial subscription prices of $6.99 and $2.74 per share. The subscription prices for the offering prior to December 30, 1997 were adjusted in fiscal 1998 from $6.99 to $4.78 per share, as a result of the spin-off of a former subsidiary of Epitope. During the year ended September 30, 1999, 16,002 shares were issued at prices ranging from $2.74 to $4.78 under the 1993 ESPP.

The weighted average assumptions used for 1993 ESPP rights for 2000, 1999, and 1998 were a risk-free interest rate of 6.0 percent, 5.8 percent, and 5.6 percent, respectively; no expected dividend yield; an expected life of 2.0, 1.0 and 2.0 years, respectively; and an expected volatility of 61 percent, 69 percent, and 69 percent, respectively. The weighted-average fair value of 1993 ESPP rights granted in 2000, 1999, and 1998 were $9,843, $141,397, and $55,066, respectively.

Common Stock Warrants

As of December 31, 2000, the following warrants to purchase shares of common stock were outstanding:

Date of Issuance	Shares	Exercise Price	Expiration Date
July 15, 1992	50,000	$16.44	July 15, 2002
September 30, 1998	120,000	$ 6.13	September 30, 2008
	170,000		

In 2000, warrants to purchase 2,405,907 shares of common stock were exercised for total net proceeds of $13,865,370.

11. COMMITMENTS AND CONTINGENCIES:

Phosphor Agreements

In April 1995, the Company entered into several research, licensing and royalty agreements (collectively the "Phosphor Agreements"), with certain amendments through August 2000. The Phosphor Agreements require, among other things, the Company to make annual license payments and pay royalties on the net sales of related product, research and development fees, and sublicensing revenues.

In July 1999, the Company acquired the patent rights (the "Rights") to such phosphor technology thus amending the Company's requirements to make annual license payments, pay royalties and pay sublicensing fees. The Company paid approximately $1,400,000 for the rights and incurred approximately $100,000 of expenses related to the buyout of the Rights. The Company has accounted for the purchase price of the Rights as acquired in-process technology expenses because, at the date of the transaction, the technology rights acquired by the Company related to UPT had not progressed to a stage where it met technological feasibility and there existed a significant amount of uncertainty as to the Company's ability to complete the development of the technology which would achieve market acceptance within a reasonable timeframe. In addition, the acquired in-process technology did not have an alternative future use to the Company that had reached technological feasibility. In connection with the buyout, the Company is required to pay royalties of $25,000 per year until the Rights expire. The Company must also pay sponsored research funds of $125,000 per year through July 2002, and $50,000 per year thereafter until the Rights expire.

Leases
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The Company leases office, manufacturing, warehouse and laboratory facilities under operating lease agreements. Future payments required under these leases are as follows:

2001	$ 647,028
2002	654,225
2003	651,534
2004	662,514
2005 and thereafter	99,979
	$2,715,280

Rent expense for 2000, 1999 and 1998 was $716,748, $461,105 and $459,536, respectively.

Employment Agreements
- ---------------------

Under terms of employment agreements with certain executive officers extending through 2003, the Company is required to pay each officer a base salary. The agreements require payments of $1,135,008, $1,022,508 and $487,503 in 2001, 2002 and 2003, respectively.

Litigation
- ----------

From time-to-time, the Company is involved in certain legal actions arising in the ordinary course of business. In management's opinion, based upon the advice of counsel, the outcome of such actions are not expected to have a material adverse effect on the Company's future financial position or results of operations.

12. RELATED-PARTY TRANSACTIONS:

In March and October 2000, the Company issued notes receivable to an officer of the Company ("Officer Notes") for $75,000 and $100,649, respectively, for relocation purposes. The Officer Notes do not bear interest if they are repaid on or before the earlier of the tenth day following the close of sale on the officer's previous residences or the first anniversary date of the Officer notes. In the event the Officer Notes are not repaid in the period defined, they will bear interest at nine percent per year.

13. RETIREMENT PLANS:

As a result of the Merger, the Company currently maintains two distinct retirement plans covering substantially all of its employees. Both plans permit certain voluntary employee contributions to be excluded from the employees' current taxable income under the provisions of Internal Revenue Code Section 401(k) and the regulations there under. During 2001, the Company intends to combine these two retirement plans into one surviving plan having similar provisions.

During the periods reported, generally all employees of Epitope were eligible to participate in a profit sharing and deferred savings plan. The plan provides for a Company matching contribution (either in cash, Company stock, or a combination of both) equal to 50 percent of an employee's contribution, not to exceed 2.5 percent of an employee's compensation. The Company contributed $62,409 (5,309 shares), $17,492 (2,691 shares), $75,475 (12,693 shares) and $80,740 (17,260 shares) during 2000, the Transition Period, 1999 and 1998, respectively.

During the periods reported, generally all employees of STC were eligible to participate in a profit sharing plan. The plan provides for the Company, subject to the Board of Directors' discretion, to match employee contributions up to $3,000 or 8% of a participant's salary, whichever is less. Company contributions to the plan were $122,903, $19,247, $113,708 and $93,607 for 2000, the Transition Period, 1999 and 1998, respectively.

14. GEOGRAPHIC 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 are not applicable since all of the Company's revenues outside the United States are export sales.

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

	For the year ended December 31, 2000	For the three months ended December 31, 1999	For the year ended September 30, 1999	1998
United States	$ 24,763	$ 5,912	$ 21,382	$ 17,804
Europe	2,507	659	1,816	1,238
Other regions	1,518	251	848	1,402
	$ 28,788	$ 6,822	$ 24,046	$ 20,444

15. QUARTERLY DATA (Unaudited)

The following tables summarize the quarterly results of operations for each of the quarters in 2000 and 1999, as well as for the Transition Period. These quarterly results are unaudited, but in the opinion of management, have been prepared on the same basis as the Company's audited financial information and include all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the information set forth herein (all amounts in thousands, except per share amounts).

	Three months ended				
	March 31, 2000	June 30, 2000	September 30, 2000	December 31, 2000	2000
Revenues	$ 6,619	$ 7,161	$ 7,222	$ 7,786	$ 28,788
Costs and expenses	7,512	8,313	15,435	11,657	42,917
Operating loss	(893)	(1,152)	(8,213)	(3,871)	(14,129)
Other income, net	115	771	302	219	1,407
Loss before income taxes	(778)	(381)	(7,911)	(3,652)	(12,722)
Income taxes	56	(44)	13	--	25
Net loss	$ (834)	$ (337)	$ (7,924)	$ (3,652)	$ (12,747)
Basic and diluted net loss per share	$ (0.03)	$ (0.01)	$ (0.22)	$ (0.10)	$ (0.36)
Weighted average number of shares outstanding	33,442	34,818	35,370	36,361	35,002

	Transition Period	Three months ended December 31, 1998	March 31, 1999	June 30, 1999	September 30, 1999	1999
Revenues	$ 6,822	$ 5,132	$ 5,500	$ 6,194	$ 7,220	$ 24,046
Costs and expenses	7,105	5,687	6,454	8,073	7,924	28,138
Operating loss	(283)	(555)	(954)	(1,879)	(704)	(4,092)
Other income (expense), net	(138)	(53)	47	59	(144)	(91)
Loss before income taxes	(421)	(608)	(907)	(1,820)	(848)	(4,183)
Income taxes	50	--	--	--	50	50
Net loss	$ (471)	$ (608)	$ (907)	$ (1,820)	$ (898)	$ (4,233)
Basic and diluted net loss per share	$ (0.02)	$ (0.02)	$ (0.03)	$ (0.06)	$ (0.03)	$ (0.14)
Weighted average number of shares outstanding	30,887	26,246	28,886	30,706	30,799	30,597

INDEX TO EXHIBITS

Exhibit Number	Exhibit
2.1	Agreement and Plan of Merger, dated as of May 6, 2000, by and among Epitope, Inc., the Company and STC Technologies, Inc. ("Merger Agreement"), including the Epitope Stockholders Agreement and the STC Stockholders Agreement attached as Exhibits A and B thereto and the other exhibits attached thereto, is incorporated by reference to Exhibit 2 to the Current Report on Form 8-K of Epitope, Inc. dated May 9, 2000.
3.1	Certificate of Incorporation of OraSure Technologies is incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-4 (No. 333-39210).
3.1.1	Certificate of Amendment to Certificate of Incorporation dated May 23, 2000 is incorporated by reference to Exhibit 3.1.1 to the Company's Registration Statement on Form S-4 (No. 333-39210).
3.1.2	Certificate of Designation of Series A Preferred Stock of OraSure Technologies (filed as Exhibit A to the Rights Agreement referred to in Exhibit 4.2).
3.2	Amended and Restated Bylaws of OraSure Technologies are incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form S-4 (No. 333-39210).
4.1	Specimen certificate representing shares of OraSure Technologies $.000001 par value Common Stock is incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-4 (No. 333-39210).
4.2	Rights Agreement dated as of May 6, 2000 between OraSure Technologies and ChaseMellon Shareholder Service, L.L.C., as Rights Agent, is incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form S-4 (No. 333-39210).
4.3	Stockholders Agreement among STC Technologies, Inc., HealthCare Ventures V, L.P., RHO Management Trust II, Hudson Trust and Pennsylvania Early Stage Partners, L.P., dated March 30, 1999, is incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-4 (No. 333-39210).
4.4	Amendment to Stockholders Agreement filed is Exhibit 4.3 is incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-4 (No. 333-39210).
10.1	Form of Indemnification Agreement (and list of parties to such agreement) is incorporated by reference to Exhibit 10.1 to the Company's Registration Statement on Form S-4 (No. 333-39210).*
10.2	Employment Agreement dated as of January 24, 2000 between Epitope, Inc. and Robert D. Thompson.*
10.3	Employment Agreement dated as of September 29, 2000 between OraSure Technologies and Robert D. Thompson.*
10.4	Employment Agreement dated as of September 29, 2000 between OraSure Technologies and Michael J. Gausling.*
10.5	Employment Agreement dated as of September 29, 2000 between OraSure Technologies and William Hinchey.*
10.6	Employment Agreement dated as of September 29, 2000 between OraSure Technologies and Dr. R. Sam Niedbala.*
10.7	Employment Agreement dated as of September 29, 2000 between OraSure Technologies and William D. Block.*
10.8	Employment Agreement dated as of September 29, 2000 between OraSure Technologies and J. Richard George.*

10.9	Description of Non-Employee Director Compensation Policy.*
10.10	Incentive Stock Option Plan of Epitope, Inc. as amended, is incorporated by reference to Exhibit 10.2 to the Epitope, Inc. Annual Report on Form 10-K for 1994.*
10.11	Amended and Restated Epitope, Inc. 1991 Stock Award Plan is incorporated by reference to Exhibit 10.2 to the Epitope, Inc. Annual Report on Form 10-K for 1997.*
10.12	OraSure Technologies, Inc. Employee Incentive and Non-Qualified Stock Option Plan, as amended and restated effective September 29, 2000.*
10.13	OraSure Technologies, Inc. 2000 Stock Award Plan as amended effective as of September 29, 2000.*
10.14	Nonqualified Stock Option Agreement For Discounted Non-Plan Option between Epitope, Inc. and Robert D. Thompson.*
10.15	OraSure Technologies Inc. Management Incentive Plan.*
10.16	Production Agreement with Koninklinjke Utermohlen, N.V. dated June 9, 1998 is incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-4 (No. 333-39210).
10.17	Research and License Agreement with SRI International and David Sarnoff Research Center dated April 26, 1995 is incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-4 (No. 333-39210).
10.18	First Amendment to Research and License Agreement dated September 1, 1995 is incorporated by reference to Exhibit 10.10 of the Company's Registration Statement on Form S-4 (No. 333-39210).
10.19**	Third Amendment to Research and License Agreement dated August 30, 2000 among SRI International, Sarnoff Corporation (formerly David Sarnoff Research Center) and the Company.
10.20	Commercial Lease between Northampton County New Jobs Corp., as Landlord, and STC Technologies, Inc., as Tenant, dated April 30, 1999, is incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-4 (No 333-39210).
10.21	Lease dated October 25, 1999 between PS Business Parks, L.P., a California Limited Partnership, and Epitope, Inc., is incorporated by reference to Exhibit 10.6 to the Epitope, Inc. Annual Report on Form 10-K for 1999.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of Arthur Andersen LLP.
24	Powers of Attorney.

* Management contract or compensatory plan or arrangement.

**Portions of this exhibit were omitted and filed separately with the Securities and Exchange Commission pursuant to an application for confidential treatment

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into as of January 24, 2000, between Robert D. Thompson ("Employee") and Epitope, Inc., an Oregon corporation (the "Company").

1. SERVICES.

1.1 EMPLOYMENT. The Company agrees to employ Employee as president and chief executive officer of the Company, and Employee hereby accepts such employment in accordance with the terms and conditions of this Agreement. Employment shall continue until terminated pursuant to the terms of this Agreement.

1.2 DUTIES. Employee shall have the position named in Section 1.1 with such powers and duties appropriate to that office (a) as may be provided by the bylaws of the Company, (b) as otherwise set forth in Exhibit A attached to this Agreement, and (c) as determined by the board of directors from time to time. Subject to the provisions of Section 6.4 hereof, Employee's position and duties may be changed from time to time during the term of this Agreement. Employee's place of work shall be the Company's headquarters, at its present location or as it may be relocated.

1.3 OUTSIDE ACTIVITIES. Employee shall obtain the consent of the board of directors before he engages, either directly or indirectly, in any other professional or business activities that may require an appreciable portion of Employee's time or effort to the detriment of the Company's business. The Company consents to the consulting agreement between Employee and LabOne, Inc., under which Employee will provide services to LabOne, Inc. ending no later than March 31, 2000.

1.4 DIRECTION OF SERVICES. Employee shall at all times discharge his duties in consultation with and under the supervision and direction of the board of directors.

2. COMPENSATION AND EXPENSES.

2.1 SALARY. As compensation for services under this Agreement, the Company shall pay to Employee a regular salary of $22,916.67 per month. Subject to the provisions of Section 6.4 hereof, such salary may be adjusted from time to time in the discretion of the board of directors. Payment shall be made on a bi-weekly basis, less all amounts required by law or authorized by Employee to be withheld or deducted. The board of directors may also authorize payment to Employee of bonuses at such times and in such amounts as may be determined by the board of directors.

2.2 ADDITIONAL EMPLOYEE BENEFITS. To the extent otherwise eligible, Employee shall be entitled to receive or participate in any additional benefits, including without limitation medical and dental insurance programs, profit sharing or pension plans, and medical reimbursement plans, which may from time to time be made available by the Company to corporate officers. The Company may change or discontinue such benefits at any time in its sole discretion.

2.3 EXPENSES.

2.3.1 JOB-RELATED. The Company shall reimburse Employee for all reasonable and necessary expenses incurred in carrying out his duties under this Agreement.

2.3.2 RELOCATION EXPENSES. The Company shall further reimburse Employee for reasonable and necessary expenses incurred as follows: (a) reasonable expenses incurred by Employee in moving himself, his family, and his household goods from Olathe, Kansas, to the Portland, Oregon, metropolitan area (not to exceed $10,000 without the approval of the chairman of the board in his discretion at Employee's request); (b) up to three months of temporary housing at a cost of up to $2,800 per month (or such longer time period and/or amount as may be approved by the chairman of the board in his discretion at Employee's request); (c) one round-trip, coach airline ticket per month (up to a maximum of six) for Employee for travel between Olathe, Kansas, and Portland, Oregon, until Employee has relocated his residence to the Portland, Oregon, metropolitan area; and (d) two round-trip, coach airline tickets for Employee's spouse for travel between Olathe, Kansas, and Portland, Oregon, for purposes of locating and obtaining a new residence in the Portland, Oregon metropolitan area. Employee shall present to the Company from time to time an itemized account of such expenses in such form as may be required by the Company.

2.3.3 RELOCATION ALLOWANCE. The Company shall also pay Employee a one-time relocation allowance of $50,000 upon relocation of his residence to the Portland, Oregon metropolitan area.

2.3.4 TAX PROVISION. To the extent the payments under Sections 2.3.2 or 2.3.3 are includable in Employee's net taxable income, the Company shall pay Employee an additional amount so that the amount paid to him, less taxes at Employee's effective marginal tax rate, equals the amounts required to be paid to him under those sections.

2.3.5 REAL ESTATE LOAN. The Company will loan Employee up to $75,000 to be applied toward Employee's purchase of a home in the Portland, Oregon metropolitan area. The loan will not bear interest, will be secured by a second position mortgage on the home purchased, will be subject to Employee's execution of loan documentation satisfactory to the Company, and will be

repayable upon Employee's sale of his Kansas residence.

2.4 FEES. All compensation earned by Employee, other than pursuant to this Agreement, as a result of services performed on behalf of the Company or as a result of or arising out of any work done by Employee in any way related to the scientific or business activities of the Company shall belong to the Company. Employee shall pay or deliver such compensation to the Company promptly upon receipt. For the purposes of this provision, "compensation" shall include, but is not limited to, all professional and nonprofessional fees, lecture fees, expert testimony fees, publishing fees, royalties, and any related income, earnings, or other things of value; and "scientific or business activities of the Company" shall include, but not be limited to, any project or projects in which the Company is involved and any subject matter that is directly or indirectly researched, tested, developed, promoted, or marketed by the Company.

3. STOCK OPTIONS. Employee has been granted non-qualified options to purchase 375,000 shares of common stock of the Company at an exercise price equal to 75 percent of the mean between the high and low sales prices of the common stock as quoted on The Nasdaq Stock Market on the date of the grant. The options will vest over a three-year period, with one-third of the options to vest on the first anniversary of the grant date and the remainder to vest on a monthly basis thereafter.

4. MATERIALS PREPARED AND INVENTIONS MADE DURING EMPLOYMENT. The Company shall be the exclusive owner of all materials, concepts, and inventions Employee prepares, develops, or makes (whether alone or jointly with others) within the scope of his employment, and of all related rights (including copyrights, trademarks, and patents) and proceeds. Without limitation, materials, concepts, and inventions that (a) relate to the Company's business or actual or demonstrably anticipated research or development, or (b) result from any work performed by Employee for the Company, shall be considered within the scope of Employee's employment. Employee shall promptly disclose all such materials, concepts, and inventions to the Company. Employee shall take all action reasonably requested by the Company to vest ownership of such materials, consents, and inventions in the Company and to permit the Company to obtain copyright, trademark, patent, or similar protection in its name.

5. BUSINESS PROTECTION AGREEMENT. Employee and the Company are concurrently entering a Business Protection Agreement. Employee's compliance with the terms of the Business Protection Agreement is a material requirement of this Agreement.

6. TERMINATION.

6.1 TERMINATION UPON DEATH. This Agreement shall terminate immediately upon Employee's death.

6.2 TERMINATION BY EMPLOYEE. Employee may terminate his employment under this Agreement by 60 days' written notice to the Company.

6.3 TERMINATION BY THE COMPANY FOR CAUSE. Officer's employment may be terminated by the Company at any time for cause. Only the following actions, failures, or events by or affecting Employee shall constitute "cause" for termination of Employee by the Company: (i) willful and continued failure by Employee to substantially perform his duties provided herein after a written demand for substantial performance is delivered to Employee by the Chairman of the Board of the Company, which demand identifies with reasonable specificity the manner in which Employee has not substantially performed his duties, and Employee's failure to comply with such demand within a reasonable time; (ii) the engaging by Employee in gross misconduct or gross negligence materially injurious to the Company; (iii) the commission of any act in direct competition with or materially detrimental to the best interests of the Company; or (iv) Employee's conviction of having committed a felony. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated by the Company for cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the board of directors of the Company finding that, in the good faith opinion of the board of directors, the Company has cause for the termination of the employment of Employee as set forth in any of clauses (i)

through (iv) above and specifying the particulars thereof in reasonable detail. The findings of the board of directors shall not be binding on the arbitrators or other finders of fact in connection with any litigation or dispute arising out of this Agreement.

6.4 TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Employee's employment under this Agreement without cause by written notice to Employee. Employee may (but shall not be required to) elect to treat any of the following events as a termination without cause, provided Employee acts within 60 days of the event:

6.4.1 A material breach of this Agreement by the Company and a failure by the Company to cure the breach within 30 days after Employee has given written notice of the breach to the board of directors.

6.4.2 A reduction in Employee's salary below the amount stated in Section 2.1 (except as part of and in proportion to a reduction in all executive officers' salaries) or a change in Employee's title or a substantial diminution in Employee's duties below those stated in this Agreement.

6.4.3 A requirement by the Company that Employee regularly report other than to the board of directors or the chairman of the board.

6.4.4 A "Change of Control" of the Company. For purposes of this Agreement, a "Change of Control" shall mean a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date hereof pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a change of control shall be deemed to have occurred at such time as (i) any Acquiring Person hereafter becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of Voting Securities; (ii) during any period of 12 consecutive calendar months, individuals who at the beginning of such period constitute the board of directors cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election, by the Company's shareholders of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the period; (iii) there shall be consummated (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of Voting Securities immediately prior to the merger have the same, or substantially the same, proportionate ownership of common stock of the surviving corporation immediately after the merger, or (b) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or (iv) approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company. For purposes of this Agreement, "Acquiring Person" means any person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Exchange Act, as such Section and Rule are in effect as of the date of this Agreement; provided, however, that the term Acquiring Person shall not include: (i) the Company or any of its subsidiaries; (ii) any employee benefit plan of the Company or any of its subsidiaries; (iii) any entity holding voting capital stock of the Company for or pursuant to the

terms of any such employee benefit plan; or (iv) any person or group solely because such person or group has voting power with respect to capital stock of the Company arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act. For purposes of this Agreement, "Voting Securities" means the Company's issued and outstanding securities ordinarily having the right to vote at elections for the Company's board of directors.

6.5 COMPENSATION UPON TERMINATION.

6.5.1 TERMINATION UNDER SECTION 6.1, 6.2, OR 6.3. In the event of a termination of Employee's employment under Sections 6.1, 6.2, or 6.3, Employee's regular compensation pursuant to Section 2.1 shall be prorated and payable until the date of termination and Employee shall be paid any bonus that has been approved but not yet paid.

6.5.2 TERMINATION UNDER SECTION 6.4. In the event of a termination of Employee's employment by the Company without cause as provided in Section 6.4, Employee shall continue to be paid the salary provided in Section 2.1 for 12 months from the date of notice of such termination of employment, in the manner and at the times at which regular compensation was paid to Employee during the term of his employment under this Agreement, except that if Employee elects to treat an event described in Sections 6.4.1, 6.4.2, 6.4.3, or 6.4.4 as a termination without cause but continues to work for the Company or any of its subsidiaries, then any amounts Employee receives as compensation during the 12-month period shall be credited against the amounts payable to Employee under this section. In no other respect shall the amount of any payment provided for in this section be reduced by any compensation or benefits earned by employee as a result of employment after his termination. As a condition to receipt of the compensation described in the first sentence of this Section 6.5.2, Employee shall sign and deliver a release agreement, in form and substance satisfactory to the Company and Employee, releasing all claims related to Employee's employment. The Company's obligation to pay the amounts stated in this section shall terminate if Employee fails to comply with the Business Protection Agreement within one year after termination of employment.

7. REMEDIES. The respective rights and duties of the Company and Employee under this Agreement are in addition to, and not in lieu of, those rights and duties afforded to and imposed upon them by law or at equity.

8. SEVERABILITY OF PROVISIONS. The provisions of this Agreement are severable, and if any provision hereof is held invalid or unenforceable, it shall be enforced to the maximum extent permissible, and the remaining provisions of the Agreement shall continue in full force and effect.

9. NONWAIVER. Failure by either party at any time to require performance of any provision of this Agreement shall not limit the right of the party failing to require performance to enforce the provision. No provision of this Agreement may be waived by either party except by a writing signed by that party. A waiver of any breach of a provision of this Agreement shall be construed narrowly and shall not be deemed to be a waiver of any succeeding breach of that provision or a waiver of that provision itself or of any other provision.

10. ARBITRATION.

10.1 CLAIMS COVERED. All claims or controversies, except for those excluded by Section 10.2 ("claims"), whether or not arising out of Employee's employment (or its termination), that the Company may have against the Employee or that Employee may have against the Company or against its officers, directors, employees or agents, in their capacity as such or otherwise, shall be resolved as provided in this Section 10. Claims covered by this Section 10 include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, sexual orientation, religion, national origin, age, marital status, or disability); claims for benefits (except where an employee benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other governmental law, statute, regulation, or ordinance, except as provided in Section 10.2.

10.2 NON-COVERED CLAIMS. Claims arising out of the Business Protection Agreement and workers' compensation or unemployment compensation benefits are not covered by this Section 10. Non-covered claims include but are not limited to claims by the Company for injunctive and/or other equitable relief for unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information, as to which Employee understands and agrees that the Company may seek and obtain relief from a court of competent jurisdiction.

10.3 REQUIRED NOTICE OF ALL CLAIMS AND STATUTE OF LIMITATIONS. Company and Employee agree that the aggrieved party must give written notice of any claim to the other party within one year of the date the aggrieved party first has knowledge of the event giving rise to the claim; otherwise the claim shall be void and deemed waived even if there is a federal or state statute of limitations which would have given more time to pursue the claim. The written notice shall identify and describe the nature of all claims asserted and the facts upon which such claims are based.

10.4 ARBITRATION PROCEDURES. Any arbitration shall be conducted in accordance with the then-current Model Employment Arbitration Procedures of the American Arbitration Association ("AAA"), modified to substitute for AAA actions, the United States Arbitration and Mediation Service ("USA&MS"), before an arbitrator who is licensed to practice law in the state of Oregon (the "Arbitrator"). The arbitration shall take place in or near Portland, Oregon.

10.4.1 SELECTION OF ARBITRATOR. The USA&MS shall give each party a list of 11 arbitrators drawn from its panel of labor-management dispute arbitrators. Each party may strike all names on the list it deems unacceptable. If only one common name remains on the lists of all parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the lists of all parties, the parties shall strike names alternately until only one remains. The party who did not initiate the claim shall strike first. If no common name remains on the lists of all parties, the USA&MS shall furnish an additional list or lists until an Arbitrator is selected.

10.4.2 APPLICABLE LAW. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) specified in this Agreement or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable. The arbitration shall be final and binding upon the parties, except as provided in this Agreement.

10.4.3 AUTHORITY. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall render an award and opinion in the form typically rendered in labor arbitrations.

10.4.4 REPRESENTATION. Any party may be represented by an attorney or other representative selected by the party.

10.4.5 DISCOVERY. Each party shall have the right to take the deposition of one individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. The subpoena right specified below shall be applicable to discovery pursuant to this paragraph. Additional discovery may be had only where the Arbitrator selected pursuant to this Agreement so orders, upon a showing of substantial need. At least 30 days before the arbitration, the parties must exchange lists of witnesses, including any experts, and copies of all exhibits intended to be used at the arbitration. Each party shall have the right to subpoena witnesses and documents for the arbitration.

10.4.6 REPORTER. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of proceedings.

10.4.7 POST-HEARING BRIEFS. Either party, upon request at the close of hearing, shall be given leave to file a post-hearing brief. The time for filing such a brief shall be set by the Arbitrator.

10.5 ENFORCEMENT. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award. Except as otherwise provided in this Agreement, both the Company and Employee agree that neither shall initiate or prosecute any lawsuit or administrative action (other than for a non-covered claim) in any way related to any claim covered by this Agreement. A party opposing enforcement of an award may not do so in an enforcement proceeding, but must bring a separate action in any court of competent jurisdiction to set aside the award, where the standard of review will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury.

10.6 ARBITRATION FEES AND COSTS. Company and Employee shall equally share the fees and costs of the Arbitrator. Each party will deposit funds or post other

appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator, 10 days before the first day of hearing. Each party shall pay for its own costs and attorneys' fees, if any, provided that the Arbitrator, in its sole discretion, may award reasonable fees to the prevailing party in a proceeding.

11. GENERAL TERMS AND CONDITIONS. This Agreement constitutes the entire understanding of the parties relating to the employment of Employee by the Company, and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties relating thereto. This Agreement shall be construed in accordance with the laws of the state of Oregon, without regard to any contrary conflicts of laws rules thereof. This Agreement shall inure to the benefit of any successors or assigns of the Company. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement. Employee acknowledges that he signed this Agreement upon his initial employment with the Company.

The parties have executed this Employment Agreement as of the date stated above.

EPITOPE, INC.

/s/ Robert D. Thompson
- ----------
Robert D. Thompson

By: /s/ Roger L. Pringle

Title: Chairman of the Board of Directors

EXHIBIT A TO EMPLOYMENT AGREEMENT

SPECIFIC DUTIES OF EMPLOYEE AS PRESIDENT AND CHIEF EXECUTIVE OFFICER

Employee as the president and chief executive officer of the Company shall be responsible for directing all phases of the operations and the overall management of the Company, subject to direction by the board of directors, as such positions are more particularly described in Article IV of the bylaws of the Company. As president and chief executive officer, Employee shall report directly to the chairman of the board. In such capacities, Employee shall be the key executive responsible for formulating and directing execution of Company strategy in all phases of operations, development, and planning. As chief executive officer, Employee shall be the Company's principal spokesperson and will serve as operating management's principal liaison to the board of directors.

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into as of September 29, 2000, between Robert D. Thompson ("Employee") and OraSure Technologies, Inc., a Delaware corporation (the "Company").

1. SERVICES.

1.1 EMPLOYMENT. The Company agrees to employ Employee as Chief Executive Officer of the Company, and Employee hereby accepts such employment in accordance with the terms and conditions of this Agreement.

1.2 DUTIES. Employee shall have the position named in Section 1.1 with such powers and duties appropriate to that office (a) as may be provided by the bylaws of the Company, (b) as otherwise set forth in Exhibit A attached to this Agreement, and (c) as determined by the board of directors from time to time. Subject to the provisions of Section 6.4 hereof, Employee's position and duties may be changed from time to time during the term of this Agreement. Employee's place of work shall be the Company's headquarters, at its present location or as it may be relocated.

1.3 OUTSIDE ACTIVITIES. Employee shall obtain the consent of the board of directors before he engages, either directly or indirectly, in any other professional or business activities that may require an appreciable portion of Employee's time or effort to the detriment of the Company's business.

1.4 DIRECTION OF SERVICES. Employee shall at all times discharge his duties in consultation with and under the supervision and direction of the chairman of the board of directors, and shall not be required to report to any other person.

2. TERM. The initial term of this Agreement shall begin as of the date first written above and end on the third anniversary of that date, unless sooner terminated in accordance with Section 6 below. Thereafter, this Agreement shall automatically renew from year to year for successive one-year terms (a) unless either party gives the other party written notice of that party's intent not to renew this Agreement at least 120 days before the expiration of its current term, or (b) the Agreement is terminated in accordance with Section 6 below.

3. COMPENSATION AND EXPENSES.

3.1 SALARY. As compensation for services under this Agreement, the Company shall pay to Employee a regular salary of $22,916.67 per month. Subject to the provisions of Section 6.4 hereof, such salary may be adjusted from time to time in the discretion of the board of directors. Payment shall be made on a bi-weekly basis, less all amounts required by law or authorized by Employee to be withheld or deducted.

3.2 BONUS. The Company shall establish an executive bonus plan, on such terms as may be approved by the board of directors or its executive compensation committee. In addition to the salary described in Section 3.1 above, Employee shall be entitled to participate in the executive bonus plan.

3.3 LONG-TERM INCENTIVE. To the extent otherwise eligible, Employee shall be entitled to participate in accordance with the terms of the plan in any long-term incentive plan that may from time to time be adopted by the board of directors or its executive compensation committee, in its sole discretion.

3.4 ADDITIONAL EMPLOYEE BENEFITS. To the extent otherwise eligible, Employee shall be entitled to receive or participate in any additional benefits, including without limitation medical and dental insurance programs, profit sharing or pension plans, and medical reimbursement plans, which may from time to time be made available by the Company to corporate officers. The Company may change or discontinue such benefits at any time in its sole discretion.

3.5 EXPENSES.

3.5.1 JOB-RELATED. The Company shall reimburse Employee for all reasonable and necessary expenses incurred in carrying out his duties under this Agreement, subject to compliance with the Company's reasonable policies relating to expense reimbursement.

3.5.2 HOUSE PURCHASE. The Company shall purchase, or arrange for a third party to purchase, Employee's house located in Portland, Oregon, at a purchase price of $672,000. The Company shall further pay all mortgage payments on the house, if any, that become due between the date of the relocation of the Company's headquarters to Pennsylvania and the closing date of the purchase of Employee's Portland, Oregon, house.

3.5.3 RELOCATION ALLOWANCE. The Company shall pay Employee a one-time relocation allowance of $30,000 upon relocation of his residence to Pennsylvania.

3.5.4 TAX PROVISION. To the extent mortgage payments under Section 3.5.2 or the payment under Section 3.5.3 is includable in Employee's net taxable income, after taking into account the deductability of mortgage interest, the Company shall pay Employee an additional amount so that the amount paid to him, less taxes at Employee's effective marginal tax rate, equals the amount required to be paid to or for him under those sections.

3.6 FEES. All compensation earned by Employee, other than pursuant to this Agreement, as a result of services performed on behalf of the Company or as a result of or arising out of any work done by Employee in any way related to the scientific or business activities of the Company shall belong to the Company. Employee shall pay or deliver such compensation to the Company promptly upon receipt. For the purposes of this provision, "compensation" shall include, but is not limited to, all professional and nonprofessional fees, lecture fees, expert testimony fees, publishing fees, royalties, and any related income, earnings, or other things of value; and "scientific or business activities of the Company" shall include, but not be limited to, any project or projects in which the Company is involved and any subject

matter that is directly or indirectly researched, tested, developed, promoted, or marketed by the Company.

4. STOCK OPTIONS. Employee shall be entitled to participate in the Company stock option plan. The number of stock options that are granted to Employee under the plan shall be determined by the board of directors or its executive compensation committee.

5. BUSINESS PROTECTION AGREEMENT. In consideration of the stock grant described in Section 4, and other good and valuable consideration, Employee and the Company are concurrently entering a Business Protection Agreement. Employee's compliance with the terms of the Business Protection Agreement, including without limitation the noncompetition provisions of the Business Protection Agreement, is a material requirement of this Agreement. Employee acknowledges that employment on the terms stated in this Agreement constitutes a bona fide advancement.

6. TERMINATION.

6.1 TERMINATION UPON DEATH. This Agreement shall terminate immediately upon Employee's death.

6.2 TERMINATION BY EMPLOYEE. Employee may terminate his employment under this Agreement by 60 days' written notice to the Company.

6.3 TERMINATION BY THE COMPANY FOR CAUSE. Employee's employment under this Agreement may be terminated by the Company at any time for cause. Only the following actions, failures, or events by or affecting Employee shall constitute "cause" for termination of Employee by the Company: (i) willful and continued failure by Employee to substantially perform his duties provided herein after a written demand for substantial performance is delivered to Employee by the chairman of the board of the Company, which demand identifies with reasonable specificity the manner in which Employee has not substantially performed his duties, and Employee's failure to comply with such demand within a reasonable time; (ii) the engaging by Employee in gross misconduct or gross negligence materially injurious to the Company; (iii) the commission of any act in direct competition with or materially detrimental to the best interests of the Company; or (iv) Employee's conviction of having committed a felony. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated by the Company for cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the board of directors of the Company finding that, in the good faith opinion of the board of directors, the Company has cause for the termination of the employment of Employee as set forth in any of clauses (i) through (iv) above and specifying the particulars thereof in reasonable detail. The findings of the board of directors shall not be binding on the arbitrators or other finders of fact in connection with any litigation or dispute arising out of this Agreement.

6.4 TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Employee's employment under this Agreement without cause by written notice to Employee. Employee may (but shall not be required to) elect to treat any of the following events as a termination without cause, provided Employee acts within 60 days of the event:

6.4.1 A material breach of this Agreement by the Company and a failure by the Company to cure the breach within 30 days after Employee has given written notice of the breach to the board of directors.

6.4.2 A reduction in Employee's salary below the amount stated in Section 3.1 (except as part of and in proportion to a reduction in all executive officers' salaries) or a change in Employee's title or a substantial diminution in Employee's duties below those stated in this Agreement.

6.4.3 A requirement by the Company that Employee regularly report other than to the chairman of the board.

6.4.4 A "Change of Control" of the Company. For purposes of this Agreement, a "Change of Control" shall mean a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date hereof pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a change of control shall be deemed to have occurred at such time as (i) any Acquiring Person hereafter becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of Voting Securities; (ii) during any period of 12 consecutive calendar months, individuals who at the beginning of such period constitute the board of directors cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election, by the Company's shareholders of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the period; (iii) there shall be consummated (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of Voting Securities immediately prior to the merger have the same, or substantially the same, proportionate ownership of common stock of the surviving corporation immediately after the merger, or (b) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or (iv) approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company. For purposes of this Agreement, "Acquiring Person" means any person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Exchange Act, as such Section and Rule are in effect as of the date of this Agreement; provided, however, that the term Acquiring Person shall not include: (i) the Company or any of its subsidiaries; (ii) any employee benefit plan of the Company or any of its subsidiaries; (iii) any entity holding voting capital stock of the Company for or pursuant to the terms of any such employee benefit plan; or (iv) any person or group solely because such person or group has voting power with respect to capital stock of the Company arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act. For purposes of this Agreement, "Voting Securities" means the Company's

issued and outstanding securities ordinarily having the right to vote at elections for the Company's board of directors.

6.5 COMPENSATION UPON TERMINATION.

6.5.1 TERMINATION UNDER SECTION 6.1, 6.2, OR 6.3. In the event of a termination of Employee's employment under Sections 6.1, 6.2, or 6.3, Employee's regular compensation pursuant to Section 3.1 shall be prorated and payable until the date of termination and Employee shall be paid any bonus that has been approved but not yet paid.

6.5.2 TERMINATION UNDER SECTION 6.4. In the event of a termination of Employee's employment by the Company without cause as provided in Section 6.4, Employee shall continue to be paid the salary provided in Section 3.1 for the greater of (a) 12 months, (b) the remaining term of this Agreement, or (c) 36 months if Employee elects to treat an event described in Section 6.4.4 as a termination without cause, from the date of notice of such termination of employment or the date of such event, in the manner and at the times at which regular compensation was paid to Employee during the term of his employment under this Agreement, except that if Employee elects to treat an event described in Sections 6.4.1, 6.4.2, 6.4.3, or 6.4.4 as a termination without cause but continues to work for the Company or any of its subsidiaries, then any amounts Employee receives as compensation following the event shall be credited against the amounts payable to Employee under this section. In no other respect shall the amount of any payment provided for in this section be reduced by any compensation or benefits earned by employee as a result of employment after his termination. As a condition to receipt of the compensation described in the first sentence of this Section 6.5.2, Employee shall sign and deliver a release agreement, in form and substance satisfactory to the Company and Employee, releasing all claims related to Employee's employment. The Company's obligation to pay the amounts stated in this section shall terminate if Employee fails to comply with the Business Protection Agreement within the applicable time period stated in the first sentence of this section.

7. REMEDIES. The respective rights and duties of the Company and Employee under this Agreement are in addition to, and not in lieu of, those rights and duties afforded to and imposed upon them by law or at equity.

8. SEVERABILITY OF PROVISIONS. The provisions of this Agreement are severable, and if any provision hereof is held invalid or unenforceable, it shall be enforced to the maximum extent permissible, and the remaining provisions of the Agreement shall continue in full force and effect.

9. NONWAIVER. Failure by either party at any time to require performance of any provision of this Agreement shall not limit the right of the party failing to require performance to enforce the provision. No provision of this Agreement may be waived by either party except by a writing signed by that party. A waiver of any breach of a provision of this Agreement shall be construed narrowly and shall not be deemed to be a waiver of any succeeding breach of that provision or a waiver of that provision itself or of any other provision.

10. ARBITRATION.

10.1 CLAIMS COVERED. All claims or controversies, except for those excluded by Section 11.2 ("claims"), whether or not arising out of Employee's employment (or its termination), that the Company may have against the Employee or that Employee may have against the Company or against its officers, directors, employees or agents, in their capacity as such or otherwise, shall be resolved as provided in this Section 11. Claims covered by this Section 11 include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, sexual orientation, religion, national origin, age, marital status, or disability); claims for benefits (except where an employee benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other governmental law, statute, regulation, or ordinance, except as provided in Section 11.2.

10.2 NON-COVERED CLAIMS. Claims arising out of the Business Protection Agreement and workers' compensation or unemployment compensation benefits are not covered by this Section 11. Non-covered claims include but are not limited to claims by the Company for injunctive and/or other equitable relief for unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information, as to which Employee understands and agrees that the Company may seek and obtain relief from a court of competent jurisdiction.

10.3 REQUIRED NOTICE OF ALL CLAIMS AND STATUTE OF LIMITATIONS. Company and Employee agree that the aggrieved party must give written notice of any claim to the other party within one year of the date the aggrieved party first has knowledge of the event giving rise to the claim; otherwise the claim shall be void and deemed waived even if there is a federal or state statute of limitations which would have given more time to pursue the claim. The written notice shall identify and describe the nature of all claims asserted and the facts upon which such claims are based.

10.4 ARBITRATION PROCEDURES. Any arbitration shall be conducted in accordance with the then-current Model Employment Arbitration Procedures of the American Arbitration Association ("AAA"), modified to substitute for AAA actions, the United States Arbitration and Mediation Service ("USA&MS"), before an arbitrator who is licensed to practice law in the state of Pennsylvania (the "Arbitrator"). The arbitration shall take place in or near Bethlehem, Pennsylvania.

10.4.1 SELECTION OF ARBITRATOR. The USA&MS shall give each party a list of 11 arbitrators drawn from its panel of labor-management dispute arbitrators. Each party may strike all names on the list it deems unacceptable. If only one common name remains on the lists of all parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the lists of all parties, the parties shall strike names alternately until only one remains. The party who did not initiate the claim shall strike first. If no common name remains on the lists of all parties, the USA&MS shall furnish an additional list or lists until an Arbitrator is selected.

10.4.2 APPLICABLE LAW. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) specified in this Agreement or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable. The arbitration shall be final and binding upon the parties, except as provided in this Agreement.

10.4.3 AUTHORITY. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall render an award and opinion in the form typically rendered in labor arbitrations.

10.4.4 REPRESENTATION. Any party may be represented by an attorney or other representative selected by the party.

10.4.5 DISCOVERY. Each party shall have the right to take the deposition of one individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. The subpoena right specified below shall be applicable to discovery pursuant to this paragraph. Additional discovery may be had only where the Arbitrator selected pursuant to this Agreement so orders, upon a showing of substantial need. At least 30 days before the arbitration, the parties must exchange lists of witnesses, including any experts, and copies of all exhibits intended to be used at the arbitration. Each party shall have the right to subpoena witnesses and documents for the arbitration.

10.4.6 REPORTER. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of proceedings.

10.4.7 POST-HEARING BRIEFS. Either party, upon request at the close of hearing, shall be given leave to file a post-hearing brief. The time for filing such a brief shall be set by the Arbitrator.

10.5 ENFORCEMENT. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award. Except as otherwise provided in this Agreement, both the Company and Employee agree that neither shall initiate or prosecute any lawsuit (other than for a non-covered claim) in any way related to any claim covered by this Agreement. A party opposing enforcement of an award may not do so in an enforcement proceeding, but must bring a separate action in any court of competent jurisdiction to set aside the award, where the standard of review will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury.

10.6 ARBITRATION FEES AND COSTS. Company and Employee shall equally share the fees and costs of the Arbitrator. Each party will deposit funds or post other appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator, 10 days before the first day of hearing. Each party shall pay for its own costs and attorneys' fees, if any, provided that the Arbitrator, in its sole discretion, may award reasonable fees to the prevailing party in a proceeding.

11. GENERAL TERMS AND CONDITIONS. This Agreement constitutes the entire understanding of the parties relating to the employment of Employee by the Company, and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties relating thereto. This Agreement shall be construed in accordance with the laws of the state of Pennsylvania, without regard to any contrary conflicts of laws rules thereof. This Agreement shall inure to the benefit of any successors or assigns of the Company. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement. Employee acknowledges that he signed this Agreement upon his initial employment with the Company.

The parties have executed this Employment Agreement as of the date stated above.

ORASURE TECHNOLOGIES, INC.

/s/ Robert D. Thompson
- ----------
Robert D. Thompson

By: /s/ Charles Bergeron

Title: Chief Financial Officer

EXHIBIT A TO EMPLOYMENT AGREEMENT

SPECIFIC DUTIES OF EMPLOYEE AS CHIEF EXECUTIVE OFFICER

Employee as the Chief Executive Officer of the Company shall be responsible for directing all phases of the operations and the overall management of the Company, subject to direction by the chairman of the board of directors. As Chief Executive Officer, Employee shall report directly to the chairman of the board. In such capacity, Employee shall be the key executive responsible for formulating and directing execution of Company strategy in all phases of operations, development, and planning. As Chief Executive Officer, Employee shall be the Company's principal spokesperson and will serve as operating management's principal liaison to the board of directors.

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into as of September 29, 2000, between Michael J. Gausling ("Employee") and OraSure Technologies, Inc., a Delaware corporation (the "Company").

1. SERVICES.

1.1 EMPLOYMENT. The Company agrees to employ Employee as President and Chief Operating Officer of the Company, and Employee hereby accepts such employment in accordance with the terms and conditions of this Agreement.

1.2 DUTIES. Employee shall have the position named in Section 1.1 with such powers and duties appropriate to that office (a) as may be provided by the bylaws of the Company, (b) as otherwise set forth in Exhibit A attached to this Agreement, and (c) as determined by the board of directors from time to time. Subject to the provisions of Section 6.4 hereof, Employee's position and duties may be changed from time to time during the term of this Agreement. Employee's place of work shall be the Company's headquarters, at its present location or as it may be relocated.

1.3 OUTSIDE ACTIVITIES. Employee shall obtain the consent of the board of directors before he engages, either directly or indirectly, in any other professional or business activities that may require an appreciable portion of Employee's time or effort to the detriment of the Company's business.

1.4 DIRECTION OF SERVICES. Employee shall at all times discharge his duties in consultation with and under the supervision and direction of the Chief Executive Officer of the Company.

2. TERM. The initial term of this Agreement shall begin as of the date first written above and end on the third anniversary of that date, unless sooner terminated in accordance with Section 6 below. Thereafter, this Agreement shall automatically renew from year to year for successive one-year terms (a) unless either party gives the other party written notice of that party's intent not to renew this Agreement at least 120 days before the expiration of its current term or (b) the Agreement is terminated in accordance with Section 6 below.

3. COMPENSATION AND EXPENSES.

3.1 SALARY. As compensation for services under this Agreement, the Company shall pay to Employee a regular salary of $18,750.00 per month. Subject to the provisions of Section 6.4 hereof, such salary may be adjusted from time to time in the discretion of the board of directors. Payment shall be made on a bi-weekly basis, less all amounts required by law or authorized by Employee to be withheld or deducted.

3.2 BONUS. The Company shall establish an executive bonus plan, on such terms as may be approved by the board of directors or its executive compensation committee. In addition to the salary described in Section 3.1 above, Employee shall be entitled to participate in the executive bonus plan.

3.3 LONG-TERM INCENTIVE. To the extent otherwise eligible, Employee shall be entitled to participate in accordance with the terms of the plan in any long-term incentive plan that may from time to time be adopted by the board of directors or its executive compensation committee, in its sole discretion.

3.4 ADDITIONAL EMPLOYEE BENEFITS. To the extent otherwise eligible, Employee shall be entitled to receive or participate in any additional benefits, including without limitation medical and dental insurance programs, profit sharing or pension plans, and medical reimbursement plans, which may from time to time be made available by the Company to corporate officers. The Company may change or discontinue such benefits at any time in its sole discretion.

3.5 EXPENSES. The Company shall reimburse Employee for all reasonable and necessary expenses incurred in carrying out his duties under this Agreement, subject to compliance with the Company's reasonable policies relating to expense reimbursement.

3.6 FEES. All compensation earned by Employee, other than pursuant to this Agreement, as a result of services performed on behalf of the Company or as a result of or arising out of any work done by Employee in any way related to the scientific or business activities of the Company shall belong to the Company. Employee shall pay or deliver such compensation to the Company promptly upon receipt. For the purposes of this provision, "compensation" shall include, but is not limited to, all professional and nonprofessional fees, lecture fees, expert testimony fees, publishing fees, royalties, and any related income, earnings, or other things of value; and "scientific or business activities of the Company" shall include, but not be limited to, any project or projects in which the Company is involved and any subject matter that is directly or indirectly researched, tested, developed, promoted, or marketed by the Company.

4. STOCK OPTIONS. Employee shall be entitled to participate in the Company stock option plan. The number of stock options that are granted to Employee under the plan shall be determined by the board of directors or its executive compensation committee.

5. BUSINESS PROTECTION AGREEMENT. Employee and the Company are concurrently entering a Business Protection Agreement. Employee's compliance with the terms of the Business Protection Agreement, including without limitation the noncompetition provisions of the Business Protection Agreement, is a material requirement of this Agreement. Employee acknowledges that employment on the terms stated in this Agreement constitutes a bona fide advancement.

6. TERMINATION.

6.1 TERMINATION UPON DEATH. This Agreement shall terminate immediately upon Employee's death.

6.2 TERMINATION BY EMPLOYEE. Employee may terminate his employment under this Agreement by 60 days' written notice to the Company.

6.3 TERMINATION BY THE COMPANY FOR CAUSE. Employee's employment under this Agreement may be terminated by the Company at any time for cause. Only the following actions, failures, or events by or affecting Employee shall constitute "cause" for termination of Employee by the Company: (i) willful and continued failure by Employee to substantially perform his duties provided herein after a written demand for substantial performance is delivered to Employee by the chairman of the board of the Company, which demand identifies with reasonable specificity the manner in which Employee has not substantially performed his duties, and Employee's failure to comply with such demand within a reasonable time; (ii) the engaging by Employee in gross misconduct or gross negligence materially injurious to the Company; (iii) the commission of any act in direct competition with or materially detrimental to the best interests of the Company; or (iv) Employee's conviction of having committed a felony. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated by the Company for cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the board of directors of the Company finding that, in the good faith opinion of the board of directors, the Company has cause for the termination of the employment of Employee as set forth in any of clauses (i) through (iv) above and specifying the particulars thereof in reasonable detail. The findings of the board of directors shall not be binding on the arbitrators or other finders of fact in connection with any litigation or dispute arising out of this Agreement.

6.4 TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Employee's employment under this Agreement without cause by written notice to Employee. Employee may (but shall not be required to) elect to treat any of the following events as a termination without cause, provided Employee acts within 60 days of the event:

6.4.1 A material breach of this Agreement by the Company and a failure by the Company to cure the breach within 30 days after Employee has given written notice of the breach to the board of directors.

6.4.2 A reduction in Employee's salary below the amount stated in Section 3.1 (except as part of and in proportion to a reduction in all executive officers' salaries) or a change in Employee's title or a substantial diminution in Employee's duties below those stated in this Agreement.

6.4.3 A "Change of Control" of the Company. For purposes of this Agreement, a "Change of Control" shall mean a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date hereof pursuant to the Securities Exchange Act of 1934 (the "Exchange Act");

provided that, without limitation, such a change of control shall be deemed to have occurred at such time as (i) any Acquiring Person hereafter becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of Voting Securities; (ii) during any period of 12 consecutive calendar months, individuals who at the beginning of such period constitute the board of directors cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election, by the Company's shareholders of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the period; (iii) there shall be consummated (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of Voting Securities immediately prior to the merger have the same, or substantially the same, proportionate ownership of common stock of the surviving corporation immediately after the merger, or (b) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or (iv) approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company. For purposes of this Agreement, "Acquiring Person" means any person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Exchange Act, as such Section and Rule are in effect as of the date of this Agreement; provided, however, that the term Acquiring Person shall not include: (i) the Company or any of its subsidiaries; (ii) any employee benefit plan of the Company or any of its subsidiaries; (iii) any entity holding voting capital stock of the Company for or pursuant to the terms of any such employee benefit plan; or (iv) any person or group solely because such person or group has voting power with respect to capital stock of the Company arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act. For purposes of this Agreement, "Voting Securities" means the Company's issued and outstanding securities ordinarily having the right to vote at elections for the Company's board of directors.

6.5 COMPENSATION UPON TERMINATION.

6.5.1 TERMINATION UNDER SECTIONS 6.1, 6.2, OR 6.3. In the event of a termination of Employee's employment under Sections 6.1, 6.2, or 6.3, Employee's regular compensation pursuant to Section 3.1 shall be prorated and payable until the date of termination and Employee shall be paid any bonus that has been approved but not yet paid.

6.5.2 TERMINATION UNDER SECTION 6.4. In the event of a termination of Employee's employment by the Company without cause as provided in Section 6.4, Employee shall continue to be paid the salary provided in Section 3.1 for the greater of (a) 12 months, (b) the remaining term of this Agreement, or (c) 36 months if Employee elects to treat an event described in Section 6.4.3 as a termination without cause, from the date of notice of such termination of employment or the date of such event, in the manner and at the times at which regular compensation was paid to Employee during the term of his employment under this Agreement, except that if Employee elects to treat an event described in Sections 6.4.1, 6.4.2, or 6.4.3 as a termination without cause but continues to work for the Company or any of its subsidiaries, then any amounts Employee receives as compensation following the event shall be credited against the amounts payable to Employee under this section. In no other respect

shall the amount of any payment provided for in this section be reduced by any compensation or benefits earned by employee as a result of employment after his termination. As a condition to receipt of the compensation described in the first sentence of this Section 6.5.2, Employee shall sign and deliver a release agreement, in form and substance satisfactory to the Company and Employee, releasing all claims related to Employee's employment. The Company's obligation to pay the amounts stated in this section shall terminate if Employee fails to comply with the Business Protection Agreement within the applicable time period stated in the first sentence of this section.

7. REMEDIES. The respective rights and duties of the Company and Employee under this Agreement are in addition to, and not in lieu of, those rights and duties afforded to and imposed upon them by law or at equity.

8. SEVERABILITY OF PROVISIONS. The provisions of this Agreement are severable, and if any provision hereof is held invalid or unenforceable, it shall be enforced to the maximum extent permissible, and the remaining provisions of the Agreement shall continue in full force and effect.

9. NONWAIVER. Failure by either party at any time to require performance of any provision of this Agreement shall not limit the right of the party failing to require performance to enforce the provision. No provision of this Agreement may be waived by either party except by a writing signed by that party. A waiver of any breach of a provision of this Agreement shall be construed narrowly and shall not be deemed to be a waiver of any succeeding breach of that provision or a waiver of that provision itself or of any other provision.

10. ARBITRATION.

10.1 CLAIMS COVERED. All claims or controversies, except for those excluded by Section 10.2 ("claims"), whether or not arising out of Employee's employment (or its termination), that the Company may have against the Employee or that Employee may have against the Company or against its officers, directors, employees or agents, in their capacity as such or otherwise, shall be resolved as provided in this Section 10. Claims covered by this Section 10 include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, sexual orientation, religion, national origin, age, marital status, or disability); claims for benefits (except where an employee benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other governmental law, statute, regulation, or ordinance, except as provided in Section 10.2.

10.2 NON-COVERED CLAIMS. Claims arising out of the Business Protection Agreement and workers' compensation or unemployment compensation benefits are not covered by this Section 10. Non-covered claims include but are not limited to claims by the Company for injunctive and/or other equitable relief for unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information, as to which Employee understands and agrees that the Company may seek and obtain relief from a court of competent jurisdiction.

10.3 REQUIRED NOTICE OF ALL CLAIMS AND STATUTE OF LIMITATIONS. Company and Employee agree that the aggrieved party must give written notice of any claim to the other party within one year of the date the aggrieved party first has knowledge of the event giving rise to the claim; otherwise the claim shall be void and deemed waived even if there is a federal or state statute of limitations which would have given more time to pursue the claim. The written notice shall identify and describe the nature of all claims asserted and the facts upon which such claims are based.

10.4 ARBITRATION PROCEDURES. Any arbitration shall be conducted in accordance with the then-current Model Employment Arbitration Procedures of the American Arbitration Association ("AAA"), modified to substitute for AAA actions, the United States Arbitration and Mediation Service ("USA&MS"), before an arbitrator who is licensed to practice law in the state of Pennsylvania (the "Arbitrator"). The arbitration shall take place in or near Bethlehem, Pennsylvania.

10.4.1 SELECTION OF ARBITRATOR. The USA&MS shall give each party a list of 11 arbitrators drawn from its panel of labor-management dispute arbitrators. Each party may strike all names on the list it deems unacceptable. If only one common name remains on the lists of all parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the lists of all parties, the parties shall strike names alternately until only one remains. The party who did not initiate the claim shall strike first. If no common name remains on the lists of all parties, the USA&MS shall furnish an additional list or lists until an Arbitrator is selected.

10.4.2 APPLICABLE LAW. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) specified in this Agreement or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable. The arbitration shall be final and binding upon the parties, except as provided in this Agreement.

10.4.3 AUTHORITY. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall render an award and opinion in the form typically rendered in labor arbitrations.

10.4.4 REPRESENTATION. Any party may be represented by an attorney or other representative selected by the party.

10.4.5 DISCOVERY. Each party shall have the right to take the deposition of one individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. The subpoena right specified below shall be applicable to discovery pursuant to this paragraph. Additional discovery may be had only where the Arbitrator selected pursuant to this Agreement so orders,

upon a showing of substantial need. At least 30 days before the arbitration, the parties must exchange lists of witnesses, including any experts, and copies of all exhibits intended to be used at the arbitration. Each party shall have the right to subpoena witnesses and documents for the arbitration.

10.4.6 REPORTER. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of proceedings.

10.4.7 POST-HEARING BRIEFS. Either party, upon request at the close of hearing, shall be given leave to file a post-hearing brief. The time for filing such a brief shall be set by the Arbitrator.

10.5 ENFORCEMENT. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award. Except as otherwise provided in this Agreement, both the Company and Employee agree that neither shall initiate or prosecute any lawsuit (other than for a non-covered claim) in any way related to any claim covered by this Agreement. A party opposing enforcement of an award may not do so in an enforcement proceeding, but must bring a separate action in any court of competent jurisdiction to set aside the award, where the standard of review will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury.

10.6 ARBITRATION FEES AND COSTS. Company and Employee shall equally share the fees and costs of the Arbitrator. Each party will deposit funds or post other appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator, 10 days before the first day of hearing. Each party shall pay for its own costs and attorneys' fees, if any, provided that the Arbitrator, in its sole discretion, may award reasonable fees to the prevailing party in a proceeding.

11. GENERAL TERMS AND CONDITIONS. This Agreement constitutes the entire understanding of the parties relating to the employment of Employee by the Company, and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties relating thereto. This Agreement shall be construed in accordance with the laws of the state of Pennsylvania, without regard to any contrary conflicts of laws rules thereof. This Agreement shall inure to the benefit of any successors or assigns of the Company. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement. Employee acknowledges that he signed this Agreement upon his initial employment with the Company.

The parties have executed this Employment Agreement as of the date stated above.

ORASURE TECHNOLOGIES, INC.

/s/ Michael J. Gausling
- ----------
Michael J. Gausling

By: /s/ Robert D. Thompson

Title: Chief Executive Officer

EXHIBIT A TO EMPLOYMENT AGREEMENT

SPECIFIC DUTIES OF EMPLOYEE AS PRESIDENT AND CHIEF OPERATING OFFICER

Employee as the President and Chief Operating Officer of the Company shall be responsible for ----------
- ----------
- ----------.

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into as of September 29, 2000, between William M. Hinchey ("Employee") and OraSure Technologies, Inc., a Delaware corporation (the "Company").

1. SERVICES.

1.1 EMPLOYMENT. The Company agrees to employ Employee as Vice President of Marketing of the Company, and Employee hereby accepts such employment in accordance with the terms and conditions of this Agreement.

1.2 DUTIES. Employee shall have the position named in Section 1.1 with such powers and duties appropriate to that office (a) as may be provided by the bylaws of the Company, (b) as otherwise set forth in Exhibit A attached to this Agreement, and (c) as determined by the board of directors from time to time. Subject to the provisions of Section 6.4 hereof, Employee's position and duties may be changed from time to time during the term of this Agreement. Employee's place of work shall be the Company's headquarters, at its present location or as it may be relocated.

1.3 OUTSIDE ACTIVITIES. Employee shall obtain the consent of the board of directors before he engages, either directly or indirectly, in any other professional or business activities that may require an appreciable portion of Employee's time or effort to the detriment of the Company's business.

1.4 DIRECTION OF SERVICES. Employee shall at all times discharge his duties in consultation with and under the supervision and direction of the Chief Executive Officer of the Company or such other officer as the Chief Executive Officer or the board of directors may designate.

2. TERM. The initial term of this Agreement shall begin as of the date first written above and end on the second anniversary of that date, unless sooner terminated in accordance with Section 6 below. Thereafter, this Agreement shall automatically renew from year to year for successive one-year terms (a) unless either party gives the other party written notice of that party's intent not to renew this Agreement at least 120 days before the expiration of its current term, or (b) the Agreement is terminated in accordance with Section 6 below.

3. COMPENSATION AND EXPENSES.

3.1 SALARY. As compensation for services under this Agreement, the Company shall pay to Employee a regular salary of $12,500.00 per month. Subject to the provisions of Section 6.4 hereof, such salary may be adjusted from time to time in the discretion of the board of directors. Payment shall be made on a bi-weekly basis, less all amounts required by law or authorized by Employee to be withheld or deducted.

3.2 BONUS. The Company shall establish an executive bonus plan, on such terms as may be approved by the board of directors or its executive compensation committee. In addition to the salary described in Section 3.1 above, Employee shall be entitled to participate in the executive bonus plan.

3.3 LONG-TERM INCENTIVE. To the extent otherwise ligible, Employee shall be entitled to participate in accordance with the terms of the plan in any long-term incentive plan that may from time to time be adopted by the board of directors or its executive compensation committee, in its sole discretion.

3.4 ADDITIONAL EMPLOYEE BENEFITS. To the extent otherwise eligible, Employee shall be entitled to receive or participate in any additional benefits, including without limitation medical and dental insurance programs, profit sharing or pension plans, and medical reimbursement plans, which may from time to time be made available by the Company to corporate officers. The Company may change or discontinue such benefits at any time in its sole discretion.

3.5 EXPENSES. The Company shall reimburse Employee for all reasonable and necessary expenses incurred in carrying out his duties under this Agreement, subject to compliance with the Company's reasonable policies relating to expense reimbursement.

3.6 FEES. All compensation earned by Employee, other than pursuant to this Agreement, as a result of services performed on behalf of the Company or as a result of or arising out of any work done by Employee in any way related to the scientific or business activities of the Company shall belong to the Company. Employee shall pay or deliver such compensation to the Company promptly upon receipt. For the purposes of this provision, "compensation" shall include, but is not limited to, all professional and nonprofessional fees, lecture fees, expert testimony fees, publishing fees, royalties, and any related income, earnings, or other things of value; and "scientific or business activities of the Company" shall include, but not be limited to, any project or projects in which the Company is involved and any subject matter that is directly or indirectly researched, tested, developed, promoted, or marketed by the Company.

4. STOCK OPTIONS. Employee shall be entitled to participate in the Company stock option plan. The number of stock options that are granted to Employee under the plan shall be determined by the board of directors or its executive compensation committee.

5. BUSINESS PROTECTION AGREEMENT. Employee and the Company are concurrently entering a Business Protection Agreement. Employee's compliance with the terms of the Business Protection Agreement, including without limitation the noncompetition provisions of the Business Protection Agreement, is a material requirement of this Agreement. Employee acknowledges that employment on the terms stated in this Agreement constitutes a bona fide advancement.

6. TERMINATION.

6.1 TERMINATION UPON DEATH. This Agreement shall terminate immediately upon Employee's death.

6.2 TERMINATION BY EMPLOYEE. Employee may terminate his employment under this Agreement by 60 days' written notice to the Company.

6.3 TERMINATION BY THE COMPANY FOR CAUSE. Employee's employment under this Agreement may be terminated by the Company at any time for cause. Only the following actions, failures, or events by or affecting Employee shall constitute "cause" for termination of Employee by the Company: (i) willful and continued failure by Employee to substantially perform his duties provided herein after a written demand for substantial performance is delivered to Employee by the chairman of the board of the Company, which demand identifies with reasonable specificity the manner in which Employee has not substantially performed his duties, and Employee's failure to comply with such demand within a reasonable time; (ii) the engaging by Employee in gross misconduct or gross negligence materially injurious to the Company; (iii) the commission of any act in direct competition with or materially detrimental to the best interests of the Company; or (iv) Employee's conviction of having committed a felony. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated by the Company for cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the board of directors of the Company finding that, in the good faith opinion of the board of directors, the Company has cause for the termination of the employment of Employee as set forth in any of clauses (i) through (iv) above and specifying the particulars thereof in reasonable detail. The findings of the board of directors shall not be binding on the arbitrators or other finders of fact in connection with any litigation or dispute arising out of this Agreement.

6.4 TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Employee's employment under this Agreement without cause by written notice to Employee. Employee may (but shall not be required to) elect to treat any of the following events as a termination without cause, provided Employee acts within 60 days of the event:

6.4.1 A material breach of this Agreement by the Company and a failure by the Company to cure the breach within 30 days after Employee has given written notice of the breach to the board of directors.

6.4.2 A reduction in Employee's salary below the amount stated in Section 3.1 (except as part of and in proportion to a reduction in all executive officers' salaries) or a change in Employee's title or a substantial diminution in Employee's duties below those stated in this Agreement.

6.4.3 A "Change of Control" of the Company. For purposes of this Agreement, a "Change of Control" shall mean a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date hereof pursuant to the Securities Exchange Act of 1934 (the "Exchange Act");

provided that, without limitation, such a change of control shall be deemed to have occurred at such time as (i) any Acquiring Person hereafter becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of Voting Securities; (ii) during any period of 12 consecutive calendar months, individuals who at the beginning of such period constitute the board of directors cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election, by the Company's shareholders of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the period; (iii) there shall be consummated (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of Voting Securities immediately prior to the merger have the same, or substantially the same, proportionate ownership of common stock of the surviving corporation immediately after the merger, or (b) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or (iv) approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company. For purposes of this Agreement, "Acquiring Person" means any person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Exchange Act, as such Section and Rule are in effect as of the date of this Agreement; provided, however, that the term Acquiring Person shall not include: (i) the Company or any of its subsidiaries; (ii) any employee benefit plan of the Company or any of its subsidiaries; (iii) any entity holding voting capital stock of the Company for or pursuant to the terms of any such employee benefit plan; or (iv) any person or group solely because such person or group has voting power with respect to capital stock of the Company arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act. For purposes of this Agreement, "Voting Securities" means the Company's issued and outstanding securities ordinarily having the right to vote at elections for the Company's board of directors.

6.5 COMPENSATION UPON TERMINATION.

6.5.1 TERMINATION UNDER SECTIONS 6.1, 6.2, OR 6.3. In the event of a termination of Employee's employment under Sections 6.1, 6.2, or 6.3, Employee's regular compensation pursuant to Section 3.1 shall be prorated and payable until the date of termination and Employee shall be paid any bonus that has been approved but not yet paid.

6.5.2 TERMINATION UNDER SECTION 6.4. In the event of a termination of Employee's employment by the Company without cause as provided in Section 6.4, Employee shall continue to be paid the salary provided in Section 3.1 for the greater of (a) 12 months, (b) the remaining term of this Agreement, or (c) 24 months if Employee elects to treat an event described in Section 6.4.3 as a termination without cause, from the date of notice of such termination of employment or the date of such event, in the manner and at the times at which regular compensation was paid to Employee during the term of his employment under this Agreement, except that if Employee elects to treat an event described in Sections 6.4.1, 6.4.2, or 6.4.3 as a termination without cause but continues to work for the Company or any of its subsidiaries, then any amounts Employee receives as compensation following the event shall be credited against the amounts payable to Employee under this section. In no other respect

shall the amount of any payment provided for in this section be reduced by any compensation or benefits earned by employee as a result of employment after his termination. As a condition to receipt of the compensation described in the first sentence of this Section 6.5.2, Employee shall sign and deliver a release agreement, in form and substance satisfactory to the Company and Employee, releasing all claims related to Employee's employment. The Company's obligation to pay the amounts stated in this section shall terminate if Employee fails to comply with the Business Protection Agreement within the applicable time period stated in the first sentence of this section.

7. REMEDIES. The respective rights and duties of the Company and Employee under this Agreement are in addition to, and not in lieu of, those rights and duties afforded to and imposed upon them by law or at equity.

8. SEVERABILITY OF PROVISIONS. The provisions of this Agreement are severable, and if any provision hereof is held invalid or unenforceable, it shall be enforced to the maximum extent permissible, and the remaining provisions of the Agreement shall continue in full force and effect.

9. NONWAIVER. Failure by either party at any time to require performance of any provision of this Agreement shall not limit the right of the party failing to require performance to enforce the provision. No provision of this Agreement may be waived by either party except by a writing signed by that party. A waiver of any breach of a provision of this Agreement shall be construed narrowly and shall not be deemed to be a waiver of any succeeding breach of that provision or a waiver of that provision itself or of any other provision.

10. ARBITRATION.

10.1 CLAIMS COVERED. All claims or controversies, except for those excluded by Section 10.2 ("claims"), whether or not arising out of Employee's employment (or its termination), that the Company may have against the Employee or that Employee may have against the Company or against its officers, directors, employees or agents, in their capacity as such or otherwise, shall be resolved as provided in this Section 10. Claims covered by this Section 10 include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, sexual orientation, religion, national origin, age, marital status, or disability); claims for benefits (except where an employee benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other governmental law, statute, regulation, or ordinance, except as provided in Section 10.2.

10.2 NON-COVERED CLAIMS. Claims arising out of the Business Protection Agreement and workers' compensation or unemployment compensation benefits are not covered by this Section 10. Non-covered claims include but are not limited to claims by the Company for injunctive and/or other equitable relief for unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information, as to which Employee understands and agrees that the Company may seek and obtain relief from a court of competent jurisdiction.

10.3 REQUIRED NOTICE OF ALL CLAIMS AND STATUTE OF LIMITATIONS. Company and Employee agree that the aggrieved party must give written notice of any claim to the other party within one year of the date the aggrieved party first has knowledge of the event giving rise to the claim; otherwise the claim shall be void and deemed waived even if there is a federal or state statute of limitations which would have given more time to pursue the claim. The written notice shall identify and describe the nature of all claims asserted and the facts upon which such claims are based.

10.4 ARBITRATION PROCEDURES. Any arbitration shall be conducted in accordance with the then-current Model Employment Arbitration Procedures of the American Arbitration Association ("AAA"), modified to substitute for AAA actions, the United States Arbitration and Mediation Service ("USA&MS"), before an arbitrator who is licensed to practice law in the state of Pennsylvania (the "Arbitrator"). The arbitration shall take place in or near Bethlehem, Pennsylvania.

10.4.1 SELECTION OF ARBITRATOR. The USA&MS shall give each party a list of 11 arbitrators drawn from its panel of labor-management dispute arbitrators. Each party may strike all names on the list it deems unacceptable. If only one common name remains on the lists of all parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the lists of all parties, the parties shall strike names alternately until only one remains. The party who did not initiate the claim shall strike first. If no common name remains on the lists of all parties, the USA&MS shall furnish an additional list or lists until an Arbitrator is selected.

10.4.2 APPLICABLE LAW. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) specified in this Agreement or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable. The arbitration shall be final and binding upon the parties, except as provided in this Agreement.

10.4.3 AUTHORITY. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall render an award and opinion in the form typically rendered in labor arbitrations.

10.4.4 REPRESENTATION. Any party may be represented by an attorney or other representative selected by the party.

10.4.5 DISCOVERY. Each party shall have the right to take the deposition of one individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. The subpoena right specified below shall be applicable to discovery pursuant to this paragraph. Additional discovery may be had only where the Arbitrator selected pursuant to this Agreement so orders,

upon a showing of substantial need. At least 30 days before the arbitration, the parties must exchange lists of witnesses, including any experts, and copies of all exhibits intended to be used at the arbitration. Each party shall have the right to subpoena witnesses and documents for the arbitration.

10.4.6 REPORTER. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of proceedings.

10.4.7 POST-HEARING BRIEFS. Either party, upon request at the close of hearing, shall be given leave to file a post-hearing brief. The time for filing such a brief shall be set by the Arbitrator.

10.5 ENFORCEMENT. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award. Except as otherwise provided in this Agreement, both the Company and Employee agree that neither shall initiate or prosecute any lawsuit (other than for a non-covered claim) in any way related to any claim covered by this Agreement. A party opposing enforcement of an award may not do so in an enforcement proceeding, but must bring a separate action in any court of competent jurisdiction to set aside the award, where the standard of review will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury.

10.6 ARBITRATION FEES AND COSTS. Company and Employee shall equally share the fees and costs of the Arbitrator. Each party will deposit funds or post other appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator, 10 days before the first day of hearing. Each party shall pay for its own costs and attorneys' fees, if any, provided that the Arbitrator, in its sole discretion, may award reasonable fees to the prevailing party in a proceeding.

11. GENERAL TERMS AND CONDITIONS. This Agreement constitutes the entire understanding of the parties relating to the employment of Employee by the Company, and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties relating thereto. This Agreement shall be construed in accordance with the laws of the state of Pennsylvania, without regard to any contrary conflicts of laws rules thereof. This Agreement shall inure to the benefit of any successors or assigns of the Company. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement. Employee acknowledges that he signed this Agreement upon his initial employment with the Company.

The parties have executed this Employment Agreement as of the date stated above.

ORASURE TECHNOLOGIES, INC.

/s/ William M. Hinchey
- ----------
William M. Hinchey

By: /s/ Robert D. Thompson

Title: Chief Executive Officer

EXHIBIT A TO EMPLOYMENT AGREEMENT

SPECIFIC DUTIES OF EMPLOYEE AS VICE PRESIDENT OF MARKETING

Employee as the Vice President of Marketing of the Company shall be responsible for ----------
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EMPLOYMENT AGREEMENT

This Employment Agreement is entered into as of September 29, 2000, between R. Sam Niedbala ("Employee") and OraSure Technologies, Inc., a Delaware corporation (the "Company").

1. SERVICES.

1.1 EMPLOYMENT. The Company agrees to employ Employee as Executive Vice President and Chief Science Officer of the Company, and Employee hereby accepts such employment in accordance with the terms and conditions of this Agreement.

1.2 DUTIES. Employee shall have the position named in Section 1.1 with such powers and duties appropriate to that office (a) as may be provided by the bylaws of the Company, (b) as otherwise set forth in Exhibit A attached to this Agreement, and (c) as determined by the board of directors from time to time. Subject to the provisions of Section 6.4 hereof, Employee's position and duties may be changed from time to time during the term of this Agreement. Employee's place of work shall be the Company's headquarters, at its present location or as it may be relocated.

1.3 OUTSIDE ACTIVITIES. Employee shall obtain the consent of the board of directors before he engages, either directly or indirectly, in any other professional or business activities that may require an appreciable portion of Employee's time or effort to the detriment of the Company's business.

1.4 DIRECTION OF SERVICES. Employee shall at all times discharge his duties in consultation with and under the supervision and direction of the Chief Executive Officer of the Company or such other person as the Chief Executive Officer or the board of directors may designate.

2. TERM. The initial term of this Agreement shall begin as of the date first written above and end on the third anniversary of that date, unless sooner terminated in accordance with Section 6 below. Thereafter, this Agreement shall automatically renew from year to year for successive one-year terms (a) unless either party gives the other party written notice of that party's intent not to renew this Agreement at least 120 days before the expiration of its current term, or (b) the Agreement is terminated in accordance with Section 6 below.

3. COMPENSATION AND EXPENSES.

3.1 SALARY. As compensation for services under this Agreement, the Company shall pay to Employee a regular salary of $15,416.67 per month. Subject to the provisions of Section 6.4 hereof, such salary may be adjusted from time to time in the discretion of the board of directors. Payment shall be made on a bi-weekly basis, less all amounts required by law or authorized by Employee to be withheld or deducted.

3.2 BONUS. The Company shall establish an executive bonus plan, on such terms as may be approved by the board of directors or its executive compensation committee. In addition to the salary described in Section 3.1 above, Employee shall be entitled to participate in the executive bonus plan.

3.3 LONG-TERM INCENTIVE. To the extent otherwise eligible, Employee shall be entitled to participate in accordance with the terms of the plan in any long-term incentive plan that may from time to time be adopted by the board of directors or its executive compensation committee, in its sole discretion.

3.4 ADDITIONAL EMPLOYEE BENEFITS. To the extent otherwise eligible, Employee shall be entitled to receive or participate in any additional benefits, including without limitation medical and dental insurance programs, profit sharing or pension plans, and medical reimbursement plans, which may from time to time be made available by the Company to corporate officers. The Company may change or discontinue such benefits at any time in its sole discretion.

3.5 EXPENSES. The Company shall reimburse Employee for all reasonable and necessary expenses incurred in carrying out his duties under this Agreement, subject to compliance with the Company's reasonable policies relating to expense reimbursement.

3.6 FEES. All compensation earned by Employee, other than pursuant to this Agreement, as a result of services performed on behalf of the Company or as a result of or arising out of any work done by Employee in any way related to the scientific or business activities of the Company shall belong to the Company. Employee shall pay or deliver such compensation to the Company promptly upon receipt. For the purposes of this provision, "compensation" shall include, but is not limited to, all professional and nonprofessional fees, lecture fees, expert testimony fees, publishing fees, royalties, and any related income, earnings, or other things of value; and "scientific or business activities of the Company" shall include, but not be limited to, any project or projects in which the Company is involved and any subject matter that is directly or indirectly researched, tested, developed, promoted, or marketed by the Company.

4. STOCK OPTIONS. Employee shall be entitled to participate in the Company stock option plan. The number of stock options that are granted to Employee under the plan shall be determined by the board of directors or its executive compensation committee.

5. BUSINESS PROTECTION AGREEMENT. Employee and the Company are concurrently entering a Business Protection Agreement. Employee's compliance with the terms of the Business Protection Agreement, including without limitation the noncompetition provisions of the Business Protection Agreement, is a material requirement of this Agreement. Employee acknowledges that employment on the terms stated in this Agreement constitutes a bona fide advancement.

6. TERMINATION.

6.1 TERMINATION UPON DEATH. This Agreement shall terminate immediately upon Employee's death.

6.2 TERMINATION BY EMPLOYEE. Employee may terminate his employment under this Agreement by 60 days' written notice to the Company.

6.3 TERMINATION BY THE COMPANY FOR CAUSE. Employee's employment under this Agreement may be terminated by the Company at any time for cause. Only the following actions, failures, or events by or affecting Employee shall constitute "cause" for termination of Employee by the Company: (i) willful and continued failure by Employee to substantially perform his duties provided herein after a written demand for substantial performance is delivered to Employee by the chairman of the board of the Company, which demand identifies with reasonable specificity the manner in which Employee has not substantially performed his duties, and Employee's failure to comply with such demand within a reasonable time; (ii) the engaging by Employee in gross misconduct or gross negligence materially injurious to the Company; (iii) the commission of any act in direct competition with or materially detrimental to the best interests of the Company; or (iv) Employee's conviction of having committed a felony. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated by the Company for cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the board of directors of the Company finding that, in the good faith opinion of the board of directors, the Company has cause for the termination of the employment of Employee as set forth in any of clauses (i) through (iv) above and specifying the particulars thereof in reasonable detail. The findings of the board of directors shall not be binding on the arbitrators or other finders of fact in connection with any litigation or dispute arising out of this Agreement.

6.4 TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Employee's employment under this Agreement without cause by written notice to Employee. Employee may (but shall not be required to) elect to treat any of the following events as a termination without cause, provided Employee acts within 60 days of the event:

6.4.1 A material breach of this Agreement by the Company and a failure by the Company to cure the breach within 30 days after Employee has given written notice of the breach to the board of directors.

6.4.2 A reduction in Employee's salary below the amount stated in Section 3.1 (except as part of and in proportion to a reduction in all executive officers' salaries) or a change in Employee's title or a substantial diminution in Employee's duties below those stated in this Agreement.

6.4.3 A "Change of Control" of the Company. For purposes of this Agreement, a "Change of Control" shall mean a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date hereof pursuant to the Securities Exchange Act of 1934 (the "Exchange Act");

provided that, without limitation, such a change of control shall be deemed to have occurred at such time as (i) any Acquiring Person hereafter becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of Voting Securities; (ii) during any period of 12 consecutive calendar months, individuals who at the beginning of such period constitute the board of directors cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election, by the Company's shareholders of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the period; (iii) there shall be consummated (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of Voting Securities immediately prior to the merger have the same, or substantially the same, proportionate ownership of common stock of the surviving corporation immediately after the merger, or (b) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or (iv) approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company. For purposes of this Agreement, "Acquiring Person" means any person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Exchange Act, as such Section and Rule are in effect as of the date of this Agreement; provided, however, that the term Acquiring Person shall not include: (i) the Company or any of its subsidiaries; (ii) any employee benefit plan of the Company or any of its subsidiaries; (iii) any entity holding voting capital stock of the Company for or pursuant to the terms of any such employee benefit plan; or (iv) any person or group solely because such person or group has voting power with respect to capital stock of the Company arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act. For purposes of this Agreement, "Voting Securities" means the Company's issued and outstanding securities ordinarily having the right to vote at elections for the Company's board of directors.

6.5 COMPENSATION UPON TERMINATION.

6.5.1 TERMINATION UNDER SECTIONS 6.1, 6.2, OR 6.3. In the event of a termination of Employee's employment under Sections 6.1, 6.2, or 6.3, Employee's regular compensation pursuant to Section 3.1 shall be prorated and payable until the date of termination and Employee shall be paid any bonus that has been approved but not yet paid.

6.5.2 TERMINATION UNDER SECTION 6.4. In the event of a termination of Employee's employment by the Company without cause as provided in Section 6.4, Employee shall continue to be paid the salary provided in Section 3.1 for the greater of (a) 12 months, (b) the remaining term of this Agreement, or (c) 24 months if Employee elects to treat an event described in Section 6.4.3 as a termination without cause, from the date of notice of such termination of employment or the date of such event, in the manner and at the times at which regular compensation was paid to Employee during the term of his employment under this Agreement, except that if Employee elects to treat an event described in Sections 6.4.1, 6.4.2, or 6.4.3 as a termination without cause but continues to work for the Company or any of its subsidiaries, then any amounts Employee receives as compensation following the event shall be credited against the amounts payable to Employee under this section. In no other respect

shall the amount of any payment provided for in this section be reduced by any compensation or benefits earned by employee as a result of employment after his termination. As a condition to receipt of the compensation described in the first sentence of this Section 6.5.2, Employee shall sign and deliver a release agreement, in form and substance satisfactory to the Company and Employee, releasing all claims related to Employee's employment. The Company's obligation to pay the amounts stated in this section shall terminate if Employee fails to comply with the Business Protection Agreement within the applicable time period stated in the first sentence of this section.

7. REMEDIES. The respective rights and duties of the Company and Employee under this Agreement are in addition to, and not in lieu of, those rights and duties afforded to and imposed upon them by law or at equity.

8. SEVERABILITY OF PROVISIONS. The provisions of this Agreement are severable, and if any provision hereof is held invalid or unenforceable, it shall be enforced to the maximum extent permissible, and the remaining provisions of the Agreement shall continue in full force and effect.

9. NONWAIVER. Failure by either party at any time to require performance of any provision of this Agreement shall not limit the right of the party failing to require performance to enforce the provision. No provision of this Agreement may be waived by either party except by a writing signed by that party. A waiver of any breach of a provision of this Agreement shall be construed narrowly and shall not be deemed to be a waiver of any succeeding breach of that provision or a waiver of that provision itself or of any other provision.

10. ARBITRATION.

10.1 CLAIMS COVERED. All claims or controversies, except for those excluded by Section 10.2 ("claims"), whether or not arising out of Employee's employment (or its termination), that the Company may have against the Employee or that Employee may have against the Company or against its officers, directors, employees or agents, in their capacity as such or otherwise, shall be resolved as provided in this Section 10. Claims covered by this Section 10 include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, sexual orientation, religion, national origin, age, marital status, or disability); claims for benefits (except where an employee benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other governmental law, statute, regulation, or ordinance, except as provided in Section 10.2.

10.2 NON-COVERED CLAIMS. Claims arising out of the Business Protection Agreement and workers' compensation or unemployment compensation benefits are not covered by this Section 10. Non-covered claims include but are not limited to claims by the Company for injunctive and/or other equitable relief for unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information, as to which Employee understands and agrees that the Company may seek and obtain relief from a court of competent jurisdiction.

10.3 REQUIRED NOTICE OF ALL CLAIMS AND STATUTE OF LIMITATIONS. Company and Employee agree that the aggrieved party must give written notice of any claim to the other party within one year of the date the aggrieved party first has knowledge of the event giving rise to the claim; otherwise the claim shall be void and deemed waived even if there is a federal or state statute of limitations which would have given more time to pursue the claim. The written notice shall identify and describe the nature of all claims asserted and the facts upon which such claims are based.

10.4 ARBITRATION PROCEDURES. Any arbitration shall be conducted in accordance with the then-current Model Employment Arbitration Procedures of the American Arbitration Association ("AAA"), modified to substitute for AAA actions, the United States Arbitration and Mediation Service ("USA&MS"), before an arbitrator who is licensed to practice law in the state of Pennsylvania (the "Arbitrator"). The arbitration shall take place in or near Bethlehem, Pennsylvania.

10.4.1 SELECTION OF ARBITRATOR. The USA&MS shall give each party a list of 11 arbitrators drawn from its panel of labor-management dispute arbitrators. Each party may strike all names on the list it deems unacceptable. If only one common name remains on the lists of all parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the lists of all parties, the parties shall strike names alternately until only one remains. The party who did not initiate the claim shall strike first. If no common name remains on the lists of all parties, the USA&MS shall furnish an additional list or lists until an Arbitrator is selected.

10.4.2 APPLICABLE LAW. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) specified in this Agreement or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable. The arbitration shall be final and binding upon the parties, except as provided in this Agreement.

10.4.3 AUTHORITY. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall render an award and opinion in the form typically rendered in labor arbitrations.

10.4.4 REPRESENTATION. Any party may be represented by an attorney or other representative selected by the party.

10.4.5 DISCOVERY. Each party shall have the right to take the deposition of one individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. The subpoena right specified below shall be applicable to discovery pursuant to this paragraph. Additional discovery may be had only where the Arbitrator selected pursuant to this Agreement so orders,

upon a showing of substantial need. At least 30 days before the arbitration, the parties must exchange lists of witnesses, including any experts, and copies of all exhibits intended to be used at the arbitration. Each party shall have the right to subpoena witnesses and documents for the arbitration.

10.4.6 REPORTER. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of proceedings.

10.4.7 POST-HEARING BRIEFS. Either party, upon request at the close of hearing, shall be given leave to file a post-hearing brief. The time for filing such a brief shall be set by the Arbitrator.

10.5 ENFORCEMENT. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award. Except as otherwise provided in this Agreement, both the Company and Employee agree that neither shall initiate or prosecute any lawsuit (other than for a non-covered claim) in any way related to any claim covered by this Agreement. A party opposing enforcement of an award may not do so in an enforcement proceeding, but must bring a separate action in any court of competent jurisdiction to set aside the award, where the standard of review will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury.

10.6 ARBITRATION FEES AND COSTS. Company and Employee shall equally share the fees and costs of the Arbitrator. Each party will deposit funds or post other appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator, 10 days before the first day of hearing. Each party shall pay for its own costs and attorneys' fees, if any, provided that the Arbitrator, in its sole discretion, may award reasonable fees to the prevailing party in a proceeding.

11. GENERAL TERMS AND CONDITIONS. This Agreement constitutes the entire understanding of the parties relating to the employment of Employee by the Company, and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties relating thereto. This Agreement shall be construed in accordance with the laws of the state of Pennsylvania, without regard to any contrary conflicts of laws rules thereof. This Agreement shall inure to the benefit of any successors or assigns of the Company. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement. Employee acknowledges that he signed this Agreement upon his initial employment with the Company.

The parties have executed this Employment Agreement as of the date stated above.

ORASURE TECHNOLOGIES, INC.

/s/ R. Sam Niedbala

R. Sam Niedbala

By: /s/ Robert D. Thompson

Title: Chief Executive Officer

EXHIBIT A TO EMPLOYMENT AGREEMENT

SPECIFIC DUTIES OF EMPLOYEE AS EXECUTIVE VICE PRESIDENT AND CHIEF SCIENCE OFFICER

Employee as the Executive Vice President and Chief Science Officer of the Company shall be responsible for ----------
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EMPLOYMENT AGREEMENT

This Employment Agreement is entered into as of September 29, 2000 , between William D. Block ("Employee") and OraSure Technologies, Inc., a Delaware corporation (the "Company").

1. SERVICES.

1.1 EMPLOYMENT. The Company agrees to employ Employee as Senior Vice President of Sales of the Company, and Employee hereby accepts such employment in accordance with the terms and conditions of this Agreement.

1.2 DUTIES. Employee shall have the position named in Section 1.1 with such powers and duties appropriate to that office (a) as may be provided by the bylaws of the Company, (b) as otherwise set forth in Exhibit A attached to this Agreement, and (c) as determined by the board of directors from time to time. Subject to the provisions of Section 6.4 hereof, Employee's position and duties may be changed from time to time during the term of this Agreement. Employee's place of work shall be the Company's headquarters, at its present location or as it may be relocated.

1.3 OUTSIDE ACTIVITIES. Employee shall obtain the consent of the board of directors before he engages, either directly or indirectly, in any other professional or business activities that may require an appreciable portion of Employee's time or effort to the detriment of the Company's business.

1.4 DIRECTION OF SERVICES. Employee shall at all times discharge his duties in consultation with and under the supervision and direction of the Chief Executive Officer of the Company or such other officer as the Chief Executive Officer or the board of directors may designate.

2. TERM. The initial term of this Agreement shall begin as of the date first written above and end on the second anniversary of that date, unless sooner terminated in accordance with Section 6 below. Thereafter, this Agreement shall automatically renew from year to year for successive one-year terms (a) unless either party gives the other party written notice of that party's intent not to renew this Agreement at least 120 days before the expiration of its current term or (b) the Agreement is terminated in accordance with Section 6 below.

3. COMPENSATION AND EXPENSES.

3.1 SALARY. As compensation for services under this Agreement, the Company shall pay to Employee a regular salary of $12,500.00 per month. Subject to the provisions of Section 6.4 hereof, such salary may be adjusted from time to time in the discretion of the board of directors. Payment shall be made on a bi-weekly basis, less all amounts required by law or authorized by Employee to be withheld or deducted.

3.2 BONUS. The Company shall establish an executive bonus plan, on such terms as may be approved by the board of directors or its executive compensation committee. In addition to the salary described in Section 3.1 above, Employee shall be entitled to participate in the executive bonus plan.

3.3 LONG-TERM INCENTIVE. To the extent otherwise eligible, Employee shall be entitled to participate in accordance with the terms of the plan in any long-term incentive plan that may from time to time be adopted by the board of directors or its executive compensation committee, in its sole discretion.

3.4 ADDITIONAL EMPLOYEE BENEFITS. To the extent otherwise eligible, Employee shall be entitled to receive or participate in any additional benefits, including without limitation medical and dental insurance programs, profit sharing or pension plans, and medical reimbursement plans, which may from time to time be made available by the Company to corporate officers. The Company may change or discontinue such benefits at any time in its sole discretion.

3.5 EXPENSES.

3.5.1 JOB-RELATED. The Company shall reimburse Employee for all reasonable and necessary expenses incurred in carrying out his duties under this Agreement, subject to compliance with the Company's reasonable policies relating to expense reimbursement.

3.5.2 HOUSE PURCHASE. The Company shall purchase, or arrange for a third party to purchase, Employee's house located in Portland, Oregon, at a purchase price equal to the average of three independent appraisals of the value of Employee's house or such other price as agreed to in writing by the Company and Employee. The Company shall pay the cost of the appraisals. The Company shall further pay all mortgage payments on the house, if any, that become due between the date of the relocation of the Company's headquarters to Pennsylvania and the closing date of the purchase of Employee's Portland, Oregon, house.

3.5.3 RELOCATION ALLOWANCE. The Company shall pay Employee a one-time relocation allowance of $30,000 upon relocation of his residence to Pennsylvania.

3.5.4 TAX PROVISION. To the extent mortgage payments under Section 3.5.2 or the payment under Section 3.5.3 is includable in Employee's net taxable income, after taking into account the deductibility of

mortgage interest, the Company shall pay Employee an additional amount so that the amount paid to him, less taxes at Employee's effective marginal tax rate, equals the amount required to be paid to or for him under those sections.

3.6 FEES. All compensation earned by Employee, other than pursuant to this Agreement, as a result of services performed on behalf of the Company or as a result of or arising out of any work done by Employee in any way related to the scientific or business activities of the Company shall belong to the Company. Employee shall pay or deliver such compensation to the Company promptly upon receipt. For the purposes of this provision, "compensation" shall include, but is not limited to, all professional and nonprofessional fees, lecture fees, expert testimony fees, publishing fees, royalties, and any related income, earnings,

or other things of value; and "scientific or business activities of the Company" shall include, but not be limited to, any project or projects in which the Company is involved and any subject matter that is directly or indirectly researched, tested, developed, promoted, or marketed by the Company.

4. STOCK OPTIONS. Employee shall be entitled to participate in the Company stock option plan. The number of stock options that are granted to Employee under the plan shall be determined by the board of directors or its executive compensation committee.

5. BUSINESS PROTECTION AGREEMENT. In consideration of the stock option grant described in Section 4, and other good and valuable consideration, Employee and the Company are concurrently entering a Business Protection Agreement. Employee's compliance with the terms of the Business Protection Agreement, including without limitation the noncompetition provisions of the Business Protection Agreement, is a material requirement of this Agreement. Employee acknowledges that his employment on the terms stated in this Agreement constitutes a bona fide advancement.

6. TERMINATION.

6.1 TERMINATION UPON DEATH. This Agreement shall terminate immediately upon Employee's death.

6.2 TERMINATION BY EMPLOYEE. Employee may terminate his employment under this Agreement by 60 days' written notice to the Company.

6.3 TERMINATION BY THE COMPANY FOR CAUSE. Employee's employment under this Agreement may be terminated by the Company at any time for cause. Only the following actions, failures, or events by or affecting Employee shall constitute "cause" for termination of Employee by the Company: (i) willful and continued failure by Employee to substantially perform his duties provided herein after a written demand for substantial performance is delivered to Employee by the chairman of the board of the Company, which demand identifies with reasonable specificity the manner in which Employee has not substantially performed his duties, and Employee's failure to comply with such demand within a reasonable time; (ii) the engaging by Employee in gross misconduct or gross negligence materially injurious to the Company; (iii) the commission of any act in direct competition with or materially detrimental to the best interests of the Company; or (iv) Employee's conviction of having committed a felony. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated by the Company for cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the board of directors of the Company finding that, in the good faith opinion of the board of directors, the Company has cause for the termination of the employment of Employee as set forth in any of clauses (i) through (iv) above and specifying the particulars thereof in reasonable detail. The findings of the board of directors shall not be binding on the arbitrators or other finders of fact in connection with any litigation or dispute arising out of this Agreement.

6.4 TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Employee's employment under this Agreement without cause by written notice to Employee. Employee may (but shall not be required to) elect to treat any of the following events as a termination without cause, provided Employee acts within 60 days of the event:

6.4.1 A material breach of this Agreement by the Company and a failure by the Company to cure the breach within 30 days after Employee has given written notice of the breach to the board of directors.

6.4.2 A reduction in Employee's salary below the amount stated in Section 3.1 (except as part of and in proportion to a reduction in all executive officers' salaries) or a change in Employee's title or a substantial diminution in Employee's duties below those stated in this Agreement.

6.4.3 A "Change of Control" of the Company. For purposes of this Agreement, a "Change of Control" shall mean a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date hereof pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a change of control shall be deemed to have occurred at such time as (i) any Acquiring Person hereafter becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of Voting Securities; (ii) during any period of 12 consecutive calendar months, individuals who at the beginning of such period constitute the board of directors cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election, by the Company's shareholders of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the period; (iii) there shall be consummated (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of Voting Securities immediately prior to the merger have the same, or substantially the same, proportionate ownership of common stock of the surviving corporation immediately after the merger, or (b) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or (iv) approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company. For purposes of this Agreement, "Acquiring Person" means any person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Exchange Act, as such Section and Rule are in effect as of the date of this Agreement; provided, however, that the term Acquiring Person shall not include: (i) the Company or any of its subsidiaries; (ii) any employee benefit plan of the Company or any of its subsidiaries; (iii) any entity holding voting capital stock of the Company for or pursuant to the terms of any such employee benefit plan; or (iv) any person or group solely because such person or group has voting power with respect to capital stock of the Company arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act. For purposes of this Agreement, "Voting Securities" means the Company's issued and outstanding securities ordinarily having the right to vote at elections for the Company's board of directors.

6.5 COMPENSATION UPON TERMINATION.

6.5.1 TERMINATION UNDER SECTION 6.1, 6.2, OR 6.3. In the event of a termination of Employee's employment under Sections 6.1, 6.2, or 6.3, Employee's regular compensation pursuant to Section 3.1 shall be prorated and payable until the date of termination and Employee shall be paid any bonus that has been approved but not yet paid.

6.5.2 TERMINATION UNDER SECTION 6.4. In the event of a termination of Employee's employment by the Company without cause as provided in Section 6.4, Employee shall continue to be paid the salary provided in Section 3.1 for the greater of (a) 12 months, (b) the remaining term of this Agreement, or (c) 24 months if Employee elects to treat an event described in Section 6.4.3 as a termination without cause, from the date of notice of such termination of employment or the date of such event, in the manner and at the times at which regular compensation was paid to Employee during the term of his employment under this Agreement, except that if Employee elects to treat an event described in Sections 6.4.1, 6.4.2, or 6.4.3 as a termination without cause but continues to work for the Company or any of its subsidiaries, then any amounts Employee receives as compensation following the event shall be credited against the amounts payable to Employee under this section. In no other respect shall the amount of any payment provided for in this section be reduced by any compensation or benefits earned by employee as a result of employment after his termination. As a condition to receipt of the compensation described in the first sentence of this Section 6.5.2, Employee shall sign and deliver a release agreement, in form and substance satisfactory to the Company and Employee, releasing all claims related to Employee's employment. The Company's obligation to pay the amounts stated in this section shall terminate if Employee fails to comply with the Business Protection Agreement within the applicable time period stated in the first sentence of this section.

7. REMEDIES. The respective rights and duties of the Company and Employee under this Agreement are in addition to, and not in lieu of, those rights and duties afforded to and imposed upon them by law or at equity.

8. SEVERABILITY OF PROVISIONS. The provisions of this Agreement are severable, and if any provision hereof is held invalid or unenforceable, it shall be enforced to the maximum extent permissible, and the remaining provisions of the Agreement shall continue in full force and effect.

9. NONWAIVER. Failure by either party at any time to require performance of any provision of this Agreement shall not limit the right of the party failing to require performance to enforce the provision. No provision of this Agreement may be waived by either party except by a writing signed by that party. A waiver of any breach of a provision of this Agreement shall be construed narrowly and shall not be deemed to be a waiver of any succeeding breach of that provision or a waiver of that provision itself or of any other provision.

10. ARBITRATION.

10.1 CLAIMS COVERED. All claims or controversies, except for those excluded by Section 10.2 ("claims"), whether or not arising out of Employee's employment (or its termination), that the Company may have against the Employee or that Employee may have against the Company or against its officers, directors, employees or agents, in their capacity as such or otherwise, shall be resolved as provided in this Section 10. Claims covered by this Section 10 include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, sexual orientation, religion, national origin, age, marital status, or disability); claims for benefits (except where an employee benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other governmental law, statute, regulation, or ordinance, except as provided in Section 10.2.

10.2 NON-COVERED CLAIMS. Claims arising out of the Business Protection Agreement and workers' compensation or unemployment compensation benefits are not covered by this Section 10. Non-covered claims include but are not limited to claims by the Company for injunctive and/or other equitable relief for unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information, as to which Employee understands and agrees that the Company may seek and obtain relief from a court of competent jurisdiction.

10.3 REQUIRED NOTICE OF ALL CLAIMS AND STATUTE OF LIMITATIONS. Company and Employee agree that the aggrieved party must give written notice of any claim to the other party within one year of the date the aggrieved party first has knowledge of the event giving rise to the claim; otherwise the claim shall be void and deemed waived even if there is a federal or state statute of limitations which would have given more time to pursue the claim. The written notice shall identify and describe the nature of all claims asserted and the facts upon which such claims are based.

10.4 ARBITRATION PROCEDURES. Any arbitration shall be conducted in accordance with the then-current Model Employment Arbitration Procedures of the American Arbitration Association ("AAA"), modified to substitute for AAA actions, the United States Arbitration and Mediation Service ("USA&MS"), before an arbitrator who is licensed to practice law in the state of Pennsylvania (the "Arbitrator"). The arbitration shall take place in or near Bethlehem, Pennsylvania.

10.4.1 SELECTION OF ARBITRATOR. The USA&MS shall give each party a list of 11 arbitrators drawn from its panel of labor-management dispute arbitrators. Each party may strike all names on the list it deems unacceptable. If only one common name remains on the lists of all parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the lists of all parties, the parties shall strike names alternately until only one remains. The party who did not initiate the claim shall strike first. If no common name remains on the lists of all parties, the USA&MS shall furnish an additional list or lists until an Arbitrator is selected.

10.4.2 APPLICABLE LAW. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) specified in this Agreement or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, enforceability or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable. The arbitration shall be final and binding upon the parties, except as provided in this Agreement.

10.4.3 AUTHORITY. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall render an award and opinion in the form typically rendered in labor arbitrations.

10.4.4 REPRESENTATION. Any party may be represented by an attorney or other representative selected by the party.

10.4.5 DISCOVERY. Each party shall have the right to take the deposition of one individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. The subpoena right specified below shall be applicable to discovery pursuant to this paragraph. Additional discovery may be had only where the Arbitrator selected pursuant to this Agreement so orders, upon a showing of substantial need. At least 30 days before the arbitration, the parties must exchange lists of witnesses, including any experts, and copies of all exhibits intended to be used at the arbitration. Each party shall have the right to subpoena witnesses and documents for the arbitration.

10.4.6 REPORTER. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of proceedings.

10.4.7 POST-HEARING BRIEFS. Either party, upon request at the close of hearing, shall be given leave to file a post-hearing brief. The time for filing such a brief shall be set by the Arbitrator.

10.5 ENFORCEMENT. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award. Except as otherwise provided in this Agreement, both the Company and Employee agree that neither shall initiate or prosecute any lawsuit (other than for a non-covered claim) in any way related to any claim covered by this Agreement. A party opposing enforcement of an award may not do so in an enforcement proceeding, but must bring a separate action in any court of competent jurisdiction to set aside the award, where the standard of review will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury.

10.6 ARBITRATION FEES AND COSTS. Company and Employee shall equally share the fees and costs of the Arbitrator. Each party will deposit funds or post other appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator, 10 days before the first day of hearing. Each party shall pay for its own costs and attorneys' fees, if any, provided that the Arbitrator, in its sole discretion, may award reasonable fees to the prevailing party in a proceeding.

11. GENERAL TERMS AND CONDITIONS. This Agreement constitutes the entire understanding of the parties relating to the employment of Employee by the Company, and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties relating thereto. This Agreement shall be construed in accordance with the laws of the state of Pennsylvania, without regard to any contrary conflicts of laws rules thereof. This Agreement shall inure to the benefit of any successors or assigns of the Company. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement. Employee acknowledges that he signed this Agreement upon his initial employment with the Company.

The parties have executed this Employment Agreement as of the date stated above.

ORASURE TECHNOLOGIES, INC.

/s/ William D. Block
- ----------
William D. Block

By: /s/ Robert D. Thompson

Title: Chief Executive Officer

EXHIBIT A TO EMPLOYMENT AGREEMENT

SPECIFIC DUTIES OF EMPLOYEE AS SENIOR VICE PRESIDENT OF SALES

Employee as the Senior Vice President of Sales of the Company shall be responsible for

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into as of September 29, 2000, between J. Richard George, Ph.D. ("Employee") and OraSure Technologies, Inc., a Delaware corporation (the "Company").

1. SERVICES.

1.1 EMPLOYMENT. The Company agrees to employ Employee as Senior Vice President of Research and Development, Infectious Disease, of the Company, and Employee hereby accepts such employment in accordance with the terms and conditions of this Agreement.

1.2 DUTIES. Employee shall have the position named in Section 1.1 with such powers and duties appropriate to that office (a) as may be provided by the bylaws of the Company, (b) as otherwise set forth in Exhibit A attached to this Agreement, and (c) as determined by the board of directors from time to time. Subject to the provisions of Section 6.4 hereof, Employee's position and duties may be changed from time to time during the term of this Agreement. Employee's place of work shall be the Company's headquarters, at its present location or as it may be relocated.

1.3 OUTSIDE ACTIVITIES. Employee shall obtain the consent of the board of directors before he engages, either directly or indirectly, in any other professional or business activities that may require an appreciable portion of Employee's time or effort to the detriment of the Company's business.

1.4 DIRECTION OF SERVICES. Employee shall at all times discharge his duties in consultation with and under the supervision and direction of the Chief Executive Officer of the Company or such other officer as the Chief Executive Officer or the board of directors may designate.

2. TERM. The initial term of this Agreement shall begin as of the date first written above and end on the second anniversary of that date, unless sooner terminated in accordance with Section 6 below. Thereafter, this Agreement shall automatically renew from year to year for successive one-year terms (a) unless either party gives the other party written notice of that party's intent not to renew this Agreement at least 120 days before the expiration of its current term, or (b) the Agreement is terminated in accordance with Section 6 below.

3. COMPENSATION AND EXPENSES.

3.1 SALARY. As compensation for services under this Agreement, the Company shall pay to Employee a regular salary of $12,500.00 per month. Subject to the provisions of Section 6.4 hereof, such salary may be adjusted from time to time in the discretion of the board of directors. Payment shall be made on a bi-weekly basis, less all amounts required by law or authorized by Employee to be withheld or deducted.

3.2 BONUS. The Company shall establish an executive bonus plan, on such terms as may be approved by the board of directors or its executive compensation committee. In addition to the salary described in Section 3.1 above, Employee shall be entitled to participate in the executive bonus plan.

3.3 LONG-TERM INCENTIVE. To the extent otherwise eligible, Employee shall be entitled to participate in accordance with the terms of the plan in any long-term incentive plan that may from time to time be adopted by the board of directors or its executive compensation committee, in its sole discretion.

3.4 ADDITIONAL EMPLOYEE BENEFITS. To the extent otherwise eligible, Employee shall be entitled to receive or participate in any additional benefits, including without limitation medical and dental insurance programs, profit sharing or pension plans, and medical reimbursement plans, which may from time to time be made available by the Company to corporate officers. The Company may change or discontinue such benefits at any time in its sole discretion.

3.5 EXPENSES.

3.5.1 JOB-RELATED. The Company shall reimburse Employee for all reasonable and necessary expenses incurred in carrying out his duties under this Agreement, subject to compliance with the Company's reasonable policies relating to expense reimbursement.

3.5.2 HOUSE PURCHASE. The Company shall purchase, or arrange for a third party to purchase, Employee's house located in Portland, Oregon, at a purchase price equal to the average of three independent appraisals of the value of Employee's house or such other price as agreed to in writing by the Company and Employee. The Company shall pay the cost of the appraisals. The Company shall further pay all mortgage payments on the house, if any, that become due between the date of the relocation of the Company's headquarters to Pennsylvania and the closing date of the purchase of Employee's Portland, Oregon house.

3.5.3 RELOCATION ALLOWANCE. The Company shall pay Employee a one-time relocation allowance of $30,000 upon relocation of his residence to Pennsylvania.

3.5.4 TAX PROVISION. To the extent mortgage payments under Section 3.5.2 or the payment under Section 3.5.3 is includable in

Employee's net taxable income, after taking into account the deductibility of mortgage interest, the Company shall pay Employee an additional amount so that the amount paid to him, less taxes at Employee's effective marginal tax rate, equals the amount required to be paid to or for him under those sections.

3.6 FEES. All compensation earned by Employee, other than pursuant to this Agreement, as a result of services performed on behalf of the Company or as a result of or arising out of any work done by Employee in any way related to the scientific or business activities of the Company shall belong to the Company. Employee shall pay or deliver such compensation to the Company promptly upon receipt. For the purposes of this provision, "compensation" shall include, but is not limited to, all professional and nonprofessional fees, lecture fees, expert testimony fees, publishing fees, royalties, and any related income, earnings,

or other things of value; and "scientific or business activities of the Company" shall include, but not be limited to, any project or projects in which the Company is involved and any subject matter that is directly or indirectly researched, tested, developed, promoted, or marketed by the Company.

4. STOCK OPTIONS. Employee shall be entitled to participate in the Company stock option plan. The number of stock options that are granted to Employee under the plan shall be determined by the board of directors or its executive compensation committee.

5. BUSINESS PROTECTION AGREEMENT. In consideration of the stock option grant described in Section 4, and other good and valuable consideration, Employee and the Company are concurrently entering a Business Protection Agreement. Employee's compliance with the terms of the Business Protection Agreement, including without limitation the noncompetition provisions of the Business Protection Agreement, is a material requirement of this Agreement. Employee acknowledges that his employment on the terms stated in this Agreement constitutes a bona fide advancement.

6. TERMINATION.

6.1 TERMINATION UPON DEATH. This Agreement shall terminate immediately upon Employee's death.

6.2 TERMINATION BY EMPLOYEE. Employee may terminate his employment under this Agreement by 60 days' written notice to the Company.

6.3 TERMINATION BY THE COMPANY FOR CAUSE. Employee's employment under this Agreement may be terminated by the Company at any time for cause. Only the following actions, failures, or events by or affecting Employee shall constitute "cause" for termination of Employee by the Company: (i) willful and continued failure by Employee to substantially perform his duties provided herein after a written demand for substantial performance is delivered to Employee by the chairman of the board of the Company, which demand identifies with reasonable specificity the manner in which Employee has not substantially performed his duties, and Employee's failure to comply with such demand within a reasonable time; (ii) the engaging by Employee in gross misconduct or gross negligence materially injurious to the Company; (iii) the commission of any act in direct competition with or materially detrimental to the best interests of the Company; or (iv) Employee's conviction of having committed a felony. Notwithstanding the foregoing, Employee shall not be deemed to have been terminated by the Company for cause unless and until there shall have been delivered to him a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the board of directors of the Company finding that, in the good faith opinion of the board of directors, the Company has cause for the termination of the employment of Employee as set forth in any of clauses (i) through (iv) above and specifying the particulars thereof in reasonable detail. The findings of the board of directors shall not be binding on the arbitrators or other finders of fact in connection with any litigation or dispute arising out of this Agreement.

6.4 TERMINATION BY THE COMPANY WITHOUT CAUSE. The Company may terminate Employee's employment under this Agreement without cause by written notice to Employee. Employee may (but shall not be required to) elect to treat any of the following events as a termination without cause, provided Employee acts within 60 days of the event:

6.4.1 A material breach of this Agreement by the Company and a failure by the Company to cure the breach within 30 days after Employee has given written notice of the breach to the board of directors.

6.4.2 A reduction in Employee's salary below the amount stated in Section 3.1 (except as part of and in proportion to a reduction in all executive officers' salaries) or a change in Employee's title or a substantial diminution in Employee's duties below those stated in this Agreement.

6.4.3 A "Change of Control" of the Company. For purposes of this Agreement, a "Change of Control" shall mean a change of control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date hereof pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"); provided that, without limitation, such a change of control shall be deemed to have occurred at such time as (i) any Acquiring Person hereafter becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of Voting Securities; (ii) during any period of 12 consecutive calendar months, individuals who at the beginning of such period constitute the board of directors cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election, by the Company's shareholders of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the period; (iii) there shall be consummated (a) any consolidation or merger of the Company in which the Company is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or other property, other than a merger of the Company in which the holders of Voting Securities immediately prior to the merger have the same, or substantially the same, proportionate ownership of common stock of the surviving corporation immediately after the merger, or (b) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of the Company; or (iv) approval by the shareholders of the Company of any plan or proposal for the liquidation or dissolution of the Company. For purposes of this Agreement, "Acquiring Person" means any person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Exchange Act, as such Section and Rule are in effect as of the date of this Agreement; provided, however, that the term Acquiring Person shall not include: (i) the Company or any of its subsidiaries; (ii) any employee benefit plan of the Company or any of its subsidiaries; (iii) any entity holding voting capital stock of the Company for or pursuant to the terms of any such employee benefit plan; or (iv) any person or group solely because such person or group has voting power with respect to capital stock of the Company arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act. For purposes of this Agreement, "Voting Securities" means the Company's issued and outstanding securities ordinarily having the right to vote at elections for the Company's board of directors.

6.5 COMPENSATION UPON TERMINATION.

6.5.1 TERMINATION UNDER SECTION 6.1, 6.2, OR 6.3. In the event of a termination of Employee's employment under Sections 6.1, 6.2, or 6.3, Employee's regular compensation pursuant to Section 3.1 shall be prorated and payable until the date of termination and Employee shall be paid any bonus that has been approved but not yet paid.

6.5.2 TERMINATION UNDER SECTION 6.4. In the event of a termination of Employee's employment by the Company without cause as provided in Section 6.4, Employee shall continue to be paid the salary provided in Section 3.1 for the greater of (a) 12 months, (b) the remaining term of this Agreement, or (c) 24 months if Employee elects to treat an event described in Section 6.4.3 as a termination without cause, from the date of notice of such termination of employment or the date of such event, in the manner and at the times at which regular compensation was paid to Employee during the term of his employment under this Agreement, except that if Employee elects to treat an event described in Sections 6.4.1, 6.4.2, or 6.4.3 as a termination without cause but continues to work for the Company or any of its subsidiaries, then any amounts Employee receives as compensation following the event shall be credited against the amounts payable to Employee under this section. In no other respect shall the amount of any payment provided for in this section be reduced by any compensation or benefits earned by employee as a result of employment after his termination. As a condition to receipt of the compensation described in the first sentence of this Section 6.5.2, Employee shall sign and deliver a release agreement, in form and substance satisfactory to the Company and Employee, releasing all claims related to Employee's employment. The Company's obligation to pay the amounts stated in this section shall terminate if Employee fails to comply with the Business Protection Agreement within the applicable time period stated in the first sentence of this section.

7. REMEDIES. The respective rights and duties of the Company and Employee under this Agreement are in addition to, and not in lieu of, those rights and duties afforded to and imposed upon them by law or at equity.

8. SEVERABILITY OF PROVISIONS. The provisions of this Agreement are severable, and if any provision hereof is held invalid or unenforceable, it shall be enforced to the maximum extent permissible, and the remaining provisions of the Agreement shall continue in full force and effect.

9. NONWAIVER. Failure by either party at any time to require performance of any provision of this Agreement shall not limit the right of the party failing to require performance to enforce the provision. No provision of this Agreement may be waived by either party except by a writing signed by that party. A waiver of any breach of a provision of this Agreement shall be construed narrowly and shall not be deemed to be a waiver of any succeeding breach of that provision or a waiver of that provision itself or of any other provision.

10. ARBITRATION.

10.1 CLAIMS COVERED. All claims or controversies, except for those excluded by Section 10.2 ("claims"), whether or not arising out of Employee's employment (or

its termination), that the Company may have against the Employee or that Employee may have against the Company or against its officers, directors, employees or agents, in their capacity as such or otherwise, shall be resolved as provided in this Section 10. Claims covered by this Section 10 include, but are not limited to, claims for wages or other compensation due; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination (including, but not limited to, race, sex, sexual orientation, religion, national origin, age, marital status, or disability); claims for benefits (except where an employee benefit or pension plan specifies that its claims procedure shall culminate in an arbitration procedure different from this one), and claims for violation of any federal, state, or other governmental law, statute, regulation, or ordinance, except as provided in Section 10.2.

10.2 NON-COVERED CLAIMS. Claims arising out of the Business Protection Agreement and workers' compensation or unemployment compensation benefits are not covered by this Section 10. Non-covered claims include but are not limited to claims by the Company for injunctive and/or other equitable relief for unfair competition and/or the use and/or unauthorized disclosure of trade secrets or confidential information, as to which Employee understands and agrees that the Company may seek and obtain relief from a court of competent jurisdiction.

10.3 REQUIRED NOTICE OF ALL CLAIMS AND STATUTE OF LIMITATIONS. Company and Employee agree that the aggrieved party must give written notice of any claim to the other party within one year of the date the aggrieved party first has knowledge of the event giving rise to the claim; otherwise the claim shall be void and deemed waived even if there is a federal or state statute of limitations which would have given more time to pursue the claim. The written notice shall identify and describe the nature of all claims asserted and the facts upon which such claims are based.

10.4 ARBITRATION PROCEDURES. Any arbitration shall be conducted in accordance with the then-current Model Employment Arbitration Procedures of the American Arbitration Association ("AAA"), modified to substitute for AAA actions, the United States Arbitration and Mediation Service ("USA&MS"), before an arbitrator who is licensed to practice law in the state where arbitration occurs (the "Arbitrator"). The arbitration shall take place in or near the metropolitan area in or near which Employee is employed.

10.4.1 SELECTION OF ARBITRATOR. The USA&MS shall give each party a list of 11 arbitrators drawn from its panel of labor-management dispute arbitrators. Each party may strike all names on the list it deems unacceptable. If only one common name remains on the lists of all parties, that individual shall be designated as the Arbitrator. If more than one common name remains on the lists of all parties, the parties shall strike names alternately until only one remains. The party who did not initiate the claim shall strike first. If no common name remains on the lists of all parties, the USA&MS shall furnish an additional list or lists until an Arbitrator is selected.

10.4.2 APPLICABLE LAW. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) specified in this Agreement or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the

interpretation, applicability, enforceability or formation of this Agreement, including but not limited to any claim that all or any part of this Agreement is void or voidable. The arbitration shall be final and binding upon the parties, except as provided in this Agreement.

10.4.3 AUTHORITY. The Arbitrator shall have jurisdiction to hear and rule on pre-hearing disputes and is authorized to hold pre-hearing conferences by telephone or in person as the Arbitrator deems necessary. The Arbitrator shall have the authority to entertain a motion to dismiss and/or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator shall render an award and opinion in the form typically rendered in labor arbitrations.

10.4.4 REPRESENTATION. Any party may be represented by an attorney or other representative selected by the party.

10.4.5 DISCOVERY. Each party shall have the right to take the deposition of one individual and any expert witness designated by another party. Each party also shall have the right to make requests for production of documents to any party. The subpoena right specified below shall be applicable to discovery pursuant to this paragraph. Additional discovery may be had only where the Arbitrator selected pursuant to this Agreement so orders, upon a showing of substantial need. At least 30 days before the arbitration, the parties must exchange lists of witnesses, including any experts, and copies of all exhibits intended to be used at the arbitration. Each party shall have the right to subpoena witnesses and documents for the arbitration.

10.4.6 REPORTER. Either party, at its expense, may arrange for and pay the cost of a court reporter to provide a stenographic record of proceedings.

10.4.7 POST-HEARING BRIEFS. Either party, upon request at the close of hearing, shall be given leave to file a post-hearing brief. The time for filing such a brief shall be set by the Arbitrator.

10.5 ENFORCEMENT. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award. Except as otherwise provided in this Agreement, both the Company and Employee agree that neither shall initiate or prosecute any lawsuit (other than for a non-covered claim) in any way related to any claim covered by this Agreement. A party opposing enforcement of an award may not do so in an enforcement proceeding, but must bring a separate action in any court of competent jurisdiction to set aside the award, where the standard of review will be the same as that applied by an appellate court reviewing a decision of a trial court sitting without a jury.

10.6 ARBITRATION FEES AND COSTS. Company and Employee shall equally share the fees and costs of the Arbitrator. Each party will deposit funds or post other appropriate security for its share of the Arbitrator's fee, in an amount and manner determined by the Arbitrator, 10 days before the first day of hearing. Each party shall pay for its own costs and attorneys' fees, if any, provided that the Arbitrator, in its sole discretion, may award reasonable fees to the prevailing party in a proceeding.

11. GENERAL TERMS AND CONDITIONS. This Agreement constitutes the entire understanding of the parties relating to the employment of Employee by the Company, and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties relating thereto. This Agreement shall be construed in accordance with the laws of the state of Pennsylvania, without regard to any contrary conflicts of laws rules thereof. This Agreement shall inure to the benefit of any successors or assigns of the Company. All captions used herein are intended solely for convenience of reference and shall in no way limit any of the provisions of this Agreement. Employee acknowledges that he signed this Agreement upon his initial employment with the Company.

The parties have executed this Employment Agreement as of the date stated above.

ORASURE TECHNOLOGIES, INC.

/s/ J. Richard George
- ----------
J. Richard George

By: /s/ Robert D. Thompson

Title: Chief Executive Officer

EXHIBIT A TO EMPLOYMENT AGREEMENT

SPECIFIC DUTIES OF EMPLOYEE AS SENIOR VICE PRESIDENT OF RESEARCH AND DEVELOPMENT,
INFECTIOUS DISEASE

Employee as the Senior Vice President of Research and Development, Infectious Disease, of the Company shall be responsible for ----------
- ----------
- ----------.

EXHIBIT 10.9

DESCRIPTION OF NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

Nonemployee Directors of OraSure Technologies receive an annual fee of $12,000 payable quarterly in advance as compensation for service on the Board. No additional fee is paid for service on any committee of the Board. Nonemployee Directors also receive a grant of 40,000 stock options upon joining the Board and a grant of 20,000 stock options each year thereafter on the annual option grant date for officers and employees of the Company. The options granted to nonemployee Directors are nonqualified stock options, the exercise price of the options is the mean between the high and low sale prices of the Company's Common Stock as quoted on The Nasdaq Stock Market on the grant date, the options vest over a four-year period with one-fourth of each option vesting on the first anniversary of the grant date and the remainder vesting on a monthly basis over the next three years. All vesting of the options will cease 90 days after the nonemployee Director ceases to serve on the Board. Options become exercisable in full immediately upon the occurrence of a change in control of the Company. A change in control of the Company would occur on the happening of such events as the beneficial ownership by a person or group of 30 percent or more of the outstanding Common Stock, certain changes in Board membership affecting a majority of positions, certain mergers or consolidations, a sale or other transfer of all or substantially all the Company's assets, or approval by the shareholders of a plan of liquidation or dissolution of the Company, as well as any change in control required to be reported by the proxy disclosure rules of the Securities and Exchange Commission. Payment of the exercise price may be made in cash or by delivery of previously acquired shares of Common Stock having a fair market value equal to the aggregate exercise price.

ORASURE TECHNOLOGIES, INC.
EMPLOYEE INCENTIVE AND NON-QUALIFIED STOCK
OPTION PLAN

As Amended and Restated Effective September 29, 2000

The STC Technologies, Inc. Employee Incentive and Non-Qualified Stock Option Plan (the "STC Plan") was originally effective May 29, 1996. On September 29, 2000, both STC Technologies, Inc. and Epitope, Inc. merged with and into OraSure Technologies, Inc., a Delaware corporation. The OraSure Technologies, Inc. Employee Incentive and Non-Qualified Stock Option Plan (the "Plan") is an amendment and restatement of the STC Plan and is effective September 29, 2000. The Plan reflects changes to the conditions and requirements for employee benefit plans under Rule 16b-3, promulgated under Section 16 of the Exchange Act (as defined below).

Section 1. Purposes.

The purposes of the Plan are (a) to recognize and compensate selected Employees of the Company and its Subsidiaries who contribute to the development and success of the Company and its Subsidiaries; (b) to maintain the competitive position of the Company and its Subsidiaries by attracting and retaining key Employees; and (c) to provide incentive compensation to such key Employees based upon the Company's performance, as measured by the appreciation in Common Stock. The Options issued pursuant to the Plan are intended to constitute either Incentive Stock Options, or non-qualified stock options, as determined by the Committee, or the Board, if no Committee has been appointed, at the time of Award. The type of Options Awarded will be specified in the Option Agreement between the Company and the

Optionee. The terms of this Plan shall be incorporated into the Option Agreement to be executed by the Optionee.

Section 2. Definitions.

(1) "Award" shall mean a grant of Options to an Employee pursuant to the provisions of this Plan. Each separate grant of Options to an Employee and each group of Options which matures on a separate date is treated as a separate Award.

(2) "Board" shall mean the Board of Directors of the Company, as constituted from time to time.

(a) "Change in Control" shall mean the happening of an event, which shall be deemed to have occurred upon the earliest to occur of the following events: (i) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated, or (ii) the date the stockholders of the Company (or the Board, if stockholder action is not required) approve a definitive agreement to sell or otherwise dispose of all or substantially all of the assets of the Company, or (iii) the date the stockholders of the Company (or the Board, if stockholder action is not required) and the stockholders of the other constituent corporations (or their respective boards of directors, if and to the extent that stockholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into another corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's voting capital stock immediately prior to the merger or consolidation will have at least 50% of the ownership of voting capital stock of the surviving

corporation immediately after the merger or consolidation (on a fully diluted basis), which voting capital stock is to be held in the same proportion (on a fully diluted basis) as such holders' ownership of voting capital stock of the Company immediately before the merger or consolidation, or (iv) the date any entity, person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act), other than (A) the Company, or (B) any of its Subsidiaries, or (C) any of the holders of the capital stock of the Company, as determined on the date that this Plan is adopted by the Board, or (D) any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its Subsidiaries or (E) any Affiliate (as such term is defined in Rule 405 promulgated under the Securities Act) of any of the foregoing, shall have acquired beneficial ownership of, or shall have acquired voting control over more than 50% of the outstanding shares of the Company's voting capital stock (on a fully diluted basis), unless the transaction pursuant to which such person, entity or group acquired such beneficial ownership or control resulted from the original issuance by the Company of shares of its voting capital stock and was approved by at least a majority of directors who shall have been either members of the Board on the date that this Plan is adopted by the Board or members of the Board for at least twelve (12) months prior to the date of such approval, or (v) the first day after the date of this Plan when directors are elected such that there shall have been a change in the composition of the Board such that a majority of the Board shall have been members of the Board for less than twelve (12) months, unless the nomination for election of each new director who was not a director at the beginning of such twelve (12) month period was approved by a vote of at least sixty percent (60%) of the directors then still in office who were directors at the beginning of such period, or (vi) the date upon which the Board determines (in its sole discretion) that based

on then current available information, the events described in clause (iv) are reasonably likely to occur.

(3) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(4) "Committee" shall mean the Committee appointed by the Board in accordance with Section 4(a) of the Plan, if one is appointed, in which event the Committee shall possess the power and authority of the Board.

(5) "Company" shall mean OraSure Technologies, Inc., a Delaware corporation.

(6) "Common Stock" shall mean common stock of the Company, $.000001 par value per share.

(7) "Disability" or "Disabled" shall mean the inability of an Optionee to perform his or her normal employment duties for the Company, its Parent, any of its Subsidiaries or its successors, as the case may be, resulting from a mental or physical illness, impairment or any other similar occurrence which can be expected to result in death or which has lasted or can be expected to last for a period of twelve (12) consecutive months, as determined by the Board.

(8) "Employee" shall mean any person, including officers and directors, employed by the Company, its Parent, any of its Subsidiaries or its successors. The payment of directors' fees by the Company, its Parent, any of its Subsidiaries or its successors, as the case may be, shall not be sufficient to constitute employment. Additionally, solely for purposes of determining those persons eligible under the Plan to be recipients of Awards of Options, which Options shall be limited to non-qualified stock options, and not for the purpose of affecting the

status of the relationship between such person and the Company, the term "Employee" shall include independent contractors of and consultants to the Company.

(9) "Exchange Act" shall mean The Securities Exchange Act of 1934, as amended.

(10) "Fair Market Value" shall mean the fair market value of a share of Common Stock, as determined pursuant to Section 8 hereof.

(l1) "Incentive Stock Option" shall mean an Option which is an incentive stock option within the meaning of Section 422 of the Code.

(12) "Non-Employee Director" has the meaning set forth in Rule 16b - -3(b)(3)(i) promulgated by the Securities and Exchange commission under the Exchange Act, or any successor definition adopted by the Securities and Exchange Commission; provided, however, that the Board or its Committee may, to the extent it is deemed necessary or desirable to comply with Section 162(m) of the Code and applicable regulations thereunder, ensure that each Non-Employee Director also qualifies as an "outside director" as that term is defined in the regulations under Section 162(m) of the Code.

(13) "Option" shall mean an Incentive Stock Option or a non-qualified stock option to purchase Shares that is Awarded pursuant to the Plan.

(14) "Option Agreement" shall mean a written agreements substantially in the form of Exhibits A-1 and A-2, or such other form or forms as the Board (subject to the terms and conditions of this Plan) may from time to time approve evidencing and reflecting the terms of an Option.

(15) "Optionee" shall mean an Employee to whom an Option is Awarded.

(16) "Parent" shall mean a "parent corporation" whether now or hereafter existing, as defined in Sections 424(e) and (g) of the Code.

(17) "Plan" shall mean the OraSure Technologies, Inc. Employee Incentive and Non-qualified Stock Option Plan, as amended from time to time.

(18) "Pool" shall mean the pool of shares of Common Stock subject to the Plan, as described and set forth in Section 6 hereof.

(19) "Securities Act" shall mean The Securities Act of 1933, as amended.

(20) "Shares" shall mean shares of Common Stock contained in the Pool, as adjusted in accordance with Section 9 of the Plan.

(21) "Stock Purchase Agreement" shall mean an agreement substantially in the form attached hereto as Exhibit B, or such other form as the Board (subject to the terms and conditions of this Plan) may from time to time approve, which an Optionee shall be required to execute as a condition of purchasing Shares upon the exercise of an Option.

(22) "Subsidiary" shall mean a subsidiary corporation, whether now or hereafter existing, as defined in Sections 424(f) and (g) of the Code.

Section 3. Participation.

Participants in the Plan shall be selected by the Board from the Employees (including Employees who also may be members of the Board) of the Company, its Parent and its Subsidiaries or their successors. The Board may make Awards at any time and from time to time to Employees. Any Award may include or exclude any Employee, as the Board shall determine in its sole discretion.

Section 4. Administration.
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(1) Procedure. The Plan shall be administered by the Board. Members of the Board who are eligible for Options or have been Awarded Options may vote on any matters affecting the administration of the Plan or the Award of any Options pursuant to the Plan, except that no such member shall act upon the Award of an Option to himself, but any such member may be counted in determining the existence of a quorum at any meeting of the Board or Committee during which action is taken with respect to the Award of Options to him.

The Board may at any time appoint a Committee consisting of not less than two persons to administer the Plan on behalf of the Board, subject to such terms and conditions as the Board may prescribe. Members of the Committee shall serve for such period of time as the Board may determine. From time to time the Board may increase the size of the Committee and appoint additional members thereto, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. Notwithstanding the foregoing, in the event the Company has a class of equity securities registered under the Exchange Act, the Committee shall be composed of two (2) or more Non-Employee Directors.

(2) Powers of the Board. Subject to the provisions of the Plan, the Board or its Committee shall have the authority, in its discretion: (i) to Award Options; (ii) to determine, upon review of relevant information and in accordance with Section 8 of the Plan, the Fair Market Value per Share; (iii) to determine the exercise price of the Options to be Awarded in accordance with Sections 7 and 8 of the Plan; (iv) to determine the Employees to whom, and the time or times at which, Options shall be Awarded, and the number of Shares to be subject to each Option; (v) to prescribe, amend and rescind rules and regulations relating to the Plan; (vi) to

determine the terms and provisions of each Option Awarded under the Plan, each Option Agreement and each Stock Purchase Agreement (which need not be identical with the terms of other Options, Option Agreements and Stock Purchase Agreements) and, with the consent of the Optionee, to modify or amend an outstanding Option, Option Agreement or Stock Purchase Agreement; (vii) to accelerate the vesting or exercise date of any Option; (viii) to determine whether any Optionee will be required to execute a stock repurchase agreement or other agreement as a condition to the exercise of an Option, and to determine the terms and provisions of any such agreement (which need not be identical with the terms of any other such agreement) and, with the consent of the Optionee, to amend any such agreement; (ix) to interpret the Plan or any agreement entered into with respect to the Award or exercise of Options; (x) to authorize any person to execute on behalf of the Company any instrument required to effectuate the Award of an Option previously Awarded by the Board or to take such other actions as may be necessary or appropriate with respect to the Company's rights pursuant to Options or agreements relating to the Award or exercise thereof; and (xi) to make such other determinations and establish such other procedures as it deems necessary or advisable for the administration of the Plan.

(3) Effect of the Board's or Committee's Decision. All decisions, determinations and interpretations of the Board or the Committee shall be final and binding with respect to all Options and Optionees.

(4) Limitation of Liability. Notwithstanding anything herein to the contrary (with the exception of Section 31 hereof), no member of the Board or of the Committee shall be liable for any good faith determination, act or failure to act in connection with the Plan or any Option Awarded hereunder.

Section 5. Eligibility.

Options may be Awarded only to Employees. An Employee who has been Awarded an Option, if he or she is otherwise eligible, may be Awarded additional Options.

Section 6. Stock Subject to the Plan.

Subject to the provisions of Section 9 of the Plan, the maximum aggregate number of Shares which may be Awarded and sold under the Plan is Two Hundred Forty Thousand (240,000) Shares (collectively, the "Pool"). Options Awarded from the Pool may be either Incentive Stock Options or non-qualified stock options, as determined by the Board. If an Option should expire or become unexercisable for any reason without having been exercised in full, or, if Shares are subsequently repurchased by the Company, the unpurchased or repurchased Shares which were subject thereto shall, unless the Plan shall have been terminated, return to the Plan and become available for future Award under the Plan.

Section 7. Terms and Conditions of Options.

Each Option Awarded pursuant to the Plan shall be authorized by the Board and shall be evidenced by an Option Agreement in such form as the Board may from time to time determine. Each Option Agreement shall incorporate by reference all other terms and conditions of the Plan, including the following terms and conditions:

(1) Number of Shares. The number of Shares subject to the Option, which may include fractional Shares.

(2) Option Price. The price per Share payable on the exercise of any Option which is an Incentive Stock Option shall be stated in the Option Agreement and shall be no less than the Fair Market Value per share of the Common Stock on the date such Option is Awarded,

without regard to any restriction other than a restriction which will never lapse. Notwithstanding the foregoing, if an Option which is an Incentive Stock Option shall be Awarded under this Plan to any Employee who, at the time of the Award of such Option, owns stock possessing more than 10% of the total combined voting power of all classes of the stock of the Company (or its Parent or Subsidiaries), the price per Share payable upon exercise of such Option shall be no less than 110 percent (110%) of the Fair Market Value of the stock on the date such Option is Awarded. The price per Share payable on the exercise of an Option which is a non-qualified stock option shall be at least $.01 per Share and shall be stated in the Option Agreement.

(3) Consideration. The consideration to be paid for the Shares to be issued upon the exercise of an Option, including the method of payment, shall be determined by the Board and may consist entirely of cash, check, promissory notes or shares of Common Stock having a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised, or any combination of such methods of payment, or such other consideration and method of payment permitted under any laws to which the Company is subject and which is approved by the Board. In making its determination as to the type of consideration to accept, the Board shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

(1) If the consideration for the exercise of an Option is a promissory note, it shall bear interest at a per annum rate which is not less than the applicable federal rate determined in accordance with Section 1274(d) of the Code as of the date of exercise. In such an instance the Company may retain the Shares purchased upon the exercise of the Option in escrow as security for payment of the promissory note.

(2) If the consideration for the exercise of an Option is the surrender of previously acquired and owned shares of Common Stock, the Optionee will be required to make representations and warranties satisfactory to the Company regarding his title to the shares of Common Stock used to effect the purchase, including without limitation, representations and warranties that the Optionee has good and marketable title to such shares of Common Stock free and clear of any and all liens, encumbrances, charges, equities, claims, security interests, options or restrictions, and has full power to deliver such shares of Common Stock without obtaining the consent or approval of any person or governmental authority other than those which have already given consent or approval in a manner satisfactory to the Company. The value of the shares of Common Stock used to effect the purchase shall be the Fair Market Value of such shares of Common Stock on the date of exercise as determined by the Board in its sole discretion, exercised in good faith.

(4) Form of Option. The OptionAgreement will state whether the Option Awarded is an Incentive Stock Option or a non-qualified stock Option, and will constitute a binding determination as to the form of Option Awarded.

(5) Exercise of Options. Any Option Awarded hereunder shall be exercisable at such times and under such conditions as may be determined by the Board and as shall be permissible under the terms of the Plan, including performance criteria with respect to the Company and/or the Optionee, and as shall be permissible under the terms of the Plan.

An Option may be exercised in accordance with the provisions of this Plan as to all or any portion of the Shares then exercisable under an Option from time to time during the term of the Option. An Option may not be exercised solely for a fraction of a Share.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company at its principal executive office in accordance with the terms of the Option Agreement by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company, accompanied by an executed Stock Purchase Agreement and any other agreements required by the terms of the Plan and/or Option Agreement. Full payment may consist of such consideration and method of payment allowable under Section 7 of the Plan. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Option is exercised, except as provided in Section 9 of the Plan.

As soon as practicable after any proper exercise of an Option in accordance with the provisions of the Plan, the Company shall, without transfer or issue tax to the Optionee, deliver to the Optionee at the principal executive office of the Company or such other place as shall be mutually agreed upon between the Company and the Optionee, a certificate or certificates representing the Shares for which the Option shall have been exercised. The time of issuance and delivery of the certificate(s) representing the Shares for which the Option shall have been exercised may be postponed by the Company for such period as may be required by the Company, with reasonable diligence, to comply with any applicable listing requirements of any national or regional securities exchange or any law or regulation applicable to the issuance or delivery of such Shares.

Exercise of an Option in any manner shall result in a decrease in the number of Shares which thereafter may be available, both for Award under the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(6) Term and Vesting of Options.

(1) Notwithstanding any other provision of this Plan, no Option shall be (A) Awarded under this Plan after ten (10) years from the date on which this Plan is adopted by the Board, or (B) exercisable more than ten (10) years from the date of Award; provided, however, that if an Incentive Stock Option shall be Awarded under this Plan to any Employee who, at the time of the Award of such Option, owns stock possessing more than 10% of the total combined voting power for all classes of the stock of he Company (or its Parent or Subsidiaries), the foregoing clause (B) shall be deemed modified by substituting "five (5) years" for the term "ten (10) years" that appears therein.

(2) No Option Awarded to any Optionee shall be treated as an Incentive Stock Option, to the extent such Option would cause the aggregate Fair Market Value of all Shares with respect to which Incentive Stock Options are exercisable by such Optionee for the first time during any calendar year (determined as of the date of Award of each such Option) to exceed $100,000. For purposes of determining whether an Incentive Stock Option would cause such aggregate Fair Market Value to exceed the $100,000 limitation, such Incentive Stock Options shall be taken into account in the order Awarded. For purposes of this subsection, Incentive Stock Options include all incentive stock options under all plans of the Company and its Parent and Subsidiaries that are incentive stock option plans within the meaning of Section 422 of the Code. Options Awarded hereunder shall mature and become exercisable in whole or in part, in accordance with such vesting schedule as the Board shall determine, which schedule shall be stated in the Option Agreement. Options may be exercised in any order elected by the

Optionee whether or not the Optionee holds any unexercised Options under this Plan or any other plan of the Company.

(7) Termination of Options.

(1) Unless sooner terminated as provided in this Plan, each Option shall be exercisable for the period of time as shall be determined by the Board and set forth in the Option Agreement, and shall be void and unexercisable thereafter.

(i) Except as otherwise provided herein or in the Option Agreement, upon the termination of the Optionee's employment or other relationship with the Company for any reason, Options exercisable on the date of termination of employment or such other relationship shall be exercisable by the Optionee (or in the case of the Optionee's death subsequent to termination of employment or such other relationship, by the Optionee's executor(s) or administrator(s)) for a period of three (3) months from the date of the Optionee's termination of employment or such other relationship.

(2) Upon the Disability or death of an Optionee while in the employ of or engagement by the Company, Options held by such Optionee which are exercisable on the date of Disability or death shall be exercisable for a period of twelve (12) months commencing on the date of the Optionee's Disability or death, by the Optionee or his legal guardian or representative or, in the case of death, by his executor(s) or administrator(s); provided, however, that if such disabled Optionee shall commence any employment or engagement during such one (1) year period with or by a competitor of the Company (including, but not limited to, full or part-time employment or independent consulting work), as determined solely in the judgment of

the Board, all Options held by such Optionee which have not yet been exercised shall terminate immediately upon the commencement thereof.

(3) Options may be terminated at any time by agreement between the Company and the Optionee.

(8) Forfeiture. Notwithstanding any other provision of this Plan, if the Optionee's employment or engagement is terminated for "cause" (as such term is defined in the Optionee's employment agreement or invention and non-disclosure agreement with the Company, but if the Optionee is not a party to any such agreement, then, as such term is defined in the Stock Purchase Agreement) or if the Board makes a determination that the Optionee (i) has engaged in any type of disloyalty to the Company, including without limitation, fraud, embezzlement, theft, or dishonesty in the course of his employment or engagement, or (ii) has been convicted of a felony or (iii) has disclosed trade secrets or confidential information of the Company or (iv) has breached any agreement with or duty to the Company in respect of confidentiality, non-disclosure, non-competition or otherwise, all unexercised Options shall terminate upon the earlier of the date of termination of employment or engagement for "cause" or the date of such a finding. In the event of such a finding, in addition to immediate termination of all unexercised Options, the Optionee shall forfeit all Shares for which the Company has not yet delivered share certificates to the Optionee and the Company shall refund to the Optionee the Option purchase price paid to it. Notwithstanding anything herein to the contrary, the Company may withhold delivery of share certificates pending the resolution of any inquiry that could lead to a finding resulting in forfeiture.

Section 8. Determination of Fair Market Value of Common Stock.

(1) Except to the extent otherwise provided in this Section 8, the Fair Market Value of a share of Common Stock shall be determined by the Board in its sole discretion.

(2) Notwithstanding the provisions of Section 8(a), in the event that shares of Common Stock are traded in the over-the-counter market, the Fair Market Value of a share of Common Stock shall be the mean of the bid and asked prices for a share of Common Stock on the relevant valuation date as reported in The Wall Street Journal (or, if not so reported, as otherwise reported by the National Association of Securities Dealers Automated Quotations ("NASDAQ") System), as applicable or, if there is no trading on such date, on the next trading date. In the event shares of Common Stock are listed on a national or regional securities exchange or traded through NASDAQ/NMS, the Fair Market Value of a share of Common Stock shall be the closing price for a share of Common Stock on the exchange or on NASDAQ/NMS, as reported in The Wall Street Journal on the relevant valuation date, or if there is no trading on that date, on the next trading date.

Section 9. Adjustments.
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(1) Subject to required action by the stockholders, if any, the number of Shares as to which Options may be Awarded under this Plan and the number of Shares subject to outstanding Options and the option prices thereof shall be adjusted proportionately for any increase or decrease in the number of outstanding shares of Common Stock of the Company resulting from stock splits, reverse stock splits, stock dividends, reclassifications and recapitalizations.

(2) No fractional Shares shall be issuable on account of any action aforesaid, and the aggregate number of Shares into which Shares then covered by the Option, when

changed as the result of such action, shall be reduced to the number of whole Shares resulting from such action, unless the Board, in its sole discretion, shall determine to issue scrip certificates in respect to any fractional Shares, which scrip certificates, in such event, shall be in a form and have such terms and conditions as the Board in its discretion shall prescribe.

Section 10. Rights as a Stockholder.

The Optionee shall have no rights as a stockholder of the Company and shall not have the right to vote nor receive dividends with respect to any Shares subject to an Option until such Option has been exercised and a certificate with respect to the Shares purchased upon such exercise has been issued to him.

Section 11. Time of Awarding Options.

The date of Award of an Option shall, for all purposes, be the date on which the Board makes the determination Awarding such Option. Notice of the determination shall be given to each Employee to whom an Option is so Awarded within a reasonable time after the date of such Award.

Section 12. Modification, Extension and Renewal of Option.

Subject to the terms and conditions of the Plan, the Board may modify, extend or renew an Option, or accept the surrender of an Option (to the extent not theretofore exercised). Notwithstanding the foregoing, (a) no modification of an Option which adversely affects the Optionee shall be made without the consent of the Optionee, and (b) no Incentive Stock Option may be modified, extended or renewed if such action would cause it to cease to be an "incentive stock option" within the meaning of Section 422 of the Code.

Section 13. Purchase for Investment and Other Restrictions.

The issuance of Shares on the exercise of an Option shall be conditioned on obtaining such appropriate representations, warranties, restrictions and agreements of the Optionee as set forth in the applicable Stock Purchase Agreement. Among other representations, warranties, restrictions and agreements, the Optionee shall represent and agree that the purchase of Shares under the applicable Option Agreement shall be for investment, and not with a view to the public resale or distribution thereof, unless the Shares subject to the Option are registered under the Securities Act and the transfer or sale of such Shares complies with all other laws, rules and regulations applicable thereto. Unless the Shares are registered under the Securities Act, the Optionee shall acknowledge that the Shares purchased on exercise of the Option are not registered under the Securities Act and may not be sold or otherwise transferred unless the Shares have been registered under the Securities Act in connection with the sale or other transfer thereof, or that counsel satisfactory to the Company has issued an opinion satisfactory to the Company that the sale or other transfer of such Shares is exempt from registration under the Securities Act, and unless said sale or transfer is in compliance with all other applicable laws, rules and regulations, including all applicable federal and state securities laws, rules and regulations. Additionally, the Shares, when issued upon the exercise of an Option, shall be subject to other transfer restrictions, rights of first refusal and rights of repurchase as set forth in or incorporated by reference into the applicable Stock Purchase Agreement. The certificates representing the Shares shall contain the following legend:

> THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED OR ANY APPLICABLE STATE SECURITIES LAWS. THESE SHARES HAVE

NOT BEEN ACQUIRED WITH A VIEW TO DISTRIBUTION OR RESALE, AND MAY NOT BE SOLD, ASSIGNED, EXCHANGED, MORTGAGED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED OR DISPOSED OF, BY GIFT OR OTHERWISE, OR IN ANY WAY ENCUMBERED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT FOR SUCH SHARES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES LAWS, OR A SATISFACTORY OPINION OF COUNSEL SATISFACTORY TO ORASURE TECHNOLOGIES, INC. THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT AND UNDER APPLICABLE STATE SECURITIES LAWS. MOREOVER, THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO AND RESTRICTED BY THE PROVISIONS OF A CERTAIN STOCK PURCHASE AND RESTRICTION AGREEMENT BETWEEN ORASURE TECHNOLOGIES, INC. AND THE STOCKHOLDER, A COPY OF WHICH AGREEMENT WILL BE FURNISHED BY ORASURE TECHNOLOGIES, INC. UPON WRITTEN REQUEST AND WITHOUT CHARGE, AND ALL OF THE PROVISIONS OF SUCH AGREEMENT ARE INCORPORATED BY REFERENCE IN THIS CERTIFICATE.

Section 14. Transferability.

No Option shall be assignable or transferable otherwise than by will or by the laws of descent and distribution. During the lifetime of the Optionee, his Options shall be exercisable

only by him, or, in the event of his legal incapacity or Disability by his legal guardian or representative.

Section 15. Other Provisions.

The Option Agreement and Stock Purchase Agreement may contain such other provisions as the Board in its discretion deems advisable and which are not inconsistent with the provisions of this Plan, including, without limitation, restrictions upon or conditions precedent to the exercise of the Option.

Section 16. Power of Board in Case of Change in Control.

Notwithstanding anything to the contrary set forth in this Plan (with the exception of Section 31 hereof), in the event of a Change in Control, the Board shall have the right, in its sole discretion, to accelerate the vesting and exercisability of all unmatured Options and/or to establish an earlier date for the expiration of the exercise of an Option (notwithstanding a later expiration of exercisability set forth in an Option Agreement). In addition, in the event of a Change in Control of the Company, the Board shall have the right, in its sole discretion, subject to and conditioned upon the consummation of the transactions which result in the Change in Control, to (1) arrange for the successor company (or other entity) to assume all of the rights and obligations of the Company under this Plan; or (2) terminate this Plan and (a) to pay to all Optionees cash with respect to those Options that are vested as of the date of such consummation in an amount equal to the difference between the exercise price and the Fair Market Value of a Share of Common Stock (determined as of the date the Plan is terminated) multiplied by the number of Options that are vested as of the date of the consummation of the transactions which result in the Change in Control which are held by the Optionee as of such date, or (b) to arrange

for the exchange of all Options for options to purchase common stock in the successor corporation, or (c) to distribute to each Optionee other property in an amount equal to and in the same form as the Optionee would have received from the successor corporation if the Optionee had owned the Shares subject to Options that are vested as of the date of the consummation of the transactions which result in the Change in Control rather than the Option at the time of such consummation. The form of payment or distribution to the Optionee pursuant to this Section shall be determined by the Board in its sole discretion.

Section 17. Amendment of the Plan.

Insofar as permitted by law and the Plan, the Board may from time to time suspend, terminate or discontinue the Plan or revise or amend it in any respect whatsoever with respect to any Shares at the time not subject to an Option; provided, however, that without approval of the stockholders, no such revision or amendment may change the aggregate number of Shares for which Options may be Awarded hereunder, change the designation of the class of Employees eligible to receive Options or decrease the price at which Options may be Awarded.

Any other provision of this Section 17 notwithstanding (with the exception of Section 31 hereof), the Board specifically is authorized to adopt any amendment to this Plan deemed by the Board to be necessary or advisable to assure that the Incentive Stock Options or the non-qualified stock Options available under the Plan continue to be treated as such, respectively, under all applicable laws.

Section 18. Application of Funds.

The proceeds received by the Company from the sale of Shares pursuant to the exercise of Options shall be used for general corporate purposes.

Section 19. No Obligation to Exercise Option.

The Awarding of an Option shall impose no obligation upon the Optionee to exercise such Option.

Section 20. Approval of Stockholders.

This Plan shall become effective on the date that it is adopted by the Board; provided, however, that it shall become limited to a non-qualified stock option plan if it is not approved by the holders of a majority of the Company's outstanding voting stock within one year (365 days) of its adoption by the Board. The Board may Award Options hereunder prior to approval of the Plan or any material amendments thereto by the holders of a majority of the Company's outstanding voting stock; provided, however, that any and all Options so Awarded automatically shall be converted into non-qualified stock options if the Plan is not approved by such stockholders within 365 days of its adoption or material amendment.

Section 21. Conditions Upon Issuance of Shares.

(1) Options Awarded under the Plan are conditioned upon the Company obtaining any required permit or order from appropriate governmental agencies, authorizing the Company to issue such Options and Shares issuable upon the exercise thereof.

(2) Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Shares pursuant thereto shall comply with all relevant provisions of law, including, without limitation, the Securities Act, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the Shares may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(3) As a condition to the exercise of an Option, the Board may require the person exercising such Option to execute an agreement with, and/or may require the person exercising such Option to make any representation and/or warranty to, the Company as may be, in the judgment of counsel to the Company, required under applicable law or regulation, including but not limited to a representation and warranty that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation and warranty is appropriate under any of the aforementioned relevant provisions of law.

Section 22. Reservation of Shares.

The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

The Company, during the term of this Plan, shall use its best efforts to seek to obtain from appropriate regulatory agencies any requisite authorization in order to issue and sell such number of Shares as shall be sufficient to satisfy the requirements of the Plan. The inability of the Company to obtain from any such regulatory agency having jurisdiction the requisite authorization(s) deemed by the Company's counsel to be necessary for the lawful issuance and sale of any Shares hereunder, or the inability of the Company to confirm to its satisfaction that any issuance and sale of any Shares hereunder will meet applicable legal requirements, shall relieve the Company of any liability in respect to the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

Section 23. Stock Option and Stock Purchase Agreements.

Options shall be evidenced by an Option Agreement in such form or forms as the Board shall approve from time to time. Upon the exercise of an Option, the Optionee shall sign and deliver to the Company a Stock Purchase Agreement in such form or forms as the Board shall approve from time to time.

Section 24. Taxes, Fees, Expenses and Withholding of Taxes.

(1) The Company shall pay all original issue and transfer taxes (but not income taxes, if any) with respect to the Award of Options and/or the issue and transfer of Shares pursuant to the exercise thereof, and all other fees and expenses necessarily incurred by the Company in connection therewith, and will from time to time use its best efforts to comply with all laws and regulations which, in the opinion of counsel for the Company, shall be applicable thereto.

(b) The Award of Options hereunder and the issuance of Shares pursuant to the exercise thereof is conditioned upon the Company's reservation of the right to withhold in accordance with any applicable law, from any compensation or other amounts payable to the Optionee, any taxes required to be withheld under federal, state or local law as a result of the Award or exercise of such Option or the sale of the Shares issued upon exercise thereof. To the extent that compensation or other amounts, if any, payable to the Optionee is insufficient to pay any taxes required to be so withheld, the Company may, in its sole discretion, require the Optionee (or such other person entitled herein to exercise the Option), as a condition of the exercise of an Option, to pay in cash to the Company an amount sufficient to cover such tax liability or otherwise to make adequate provision for the Company's satisfaction of its withholding obligations under federal, state and local law.

Section 25. Notices.

Any notice to be given to the Company pursuant to the provisions of this Plan shall be addressed to the Company in care of its Secretary (or such other person as the Company may designate from time to time) at its principal executive office, and any notice to be given to an Optionee shall be delivered personally or addressed to him or her at the address given beneath his or her signature on his or her Option Agreement, or at such other address as such Optionee or his or her permitted transferee (upon the transfer of the Shares) may hereafter designate in writing to the Company. Any such notice shall be deemed duly given when enclosed in a properly sealed envelope or wrapper addressed as aforesaid, registered or certified, and deposited, postage and registry or certification fee prepaid, in a post office or branch post office regularly maintained by the United States Postal Service. It shall be the obligation of each Optionee and each permitted transferee holding Shares purchased upon exercise of an Option to provide the Secretary of the Company, by letter mailed as provided herein, with written notice of his or her direct mailing address.

Section 26. No Enlargement of Employee Rights.

This Plan is purely voluntary on the part of the Company, and the continuance of the Plan shall not be deemed to constitute a contract between the Company and any Employee, or to be consideration for or a condition of the employment or service of any Employee. Nothing contained in this Plan shall be deemed to give any Employee the right to be retained in the employ or service of the Company, its Parent, any Subsidiary or a successor corporation, or to interfere with the right of the Company or any such corporation to discharge or retire any Employee thereof at any time. No Employee shall have any right to or interest in Options authorized hereunder prior to the Award thereof to such Employee, and upon such Award he shall have only such rights and interests as are expressly provided herein, subject, however, to all applicable provisions of the Company's Certificate of Incorporation, as the same may be amended from time to time.

Section 27. Information to Optionees.

The Company, upon request, shall provide without charge to each Optionee copies of such annual and periodic reports as are provided by the Company to its stockholders generally.

Section 28. Availability of Plan.

A copy of this Plan shall be delivered to the Secretary of the Company and shall be shown by him to any eligible person making reasonable inquiry concerning it.

Section 29. Invalid Provisions.

In the event that any provision of this Plan is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability shall not be construed as rendering any other provisions contained herein as invalid or unenforceable, and all such other provisions shall be given full force and effect to the same extent as though the invalid or unenforceable provision was not contained herein.

Section 30. Applicable Law.

This Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

Section 31. Board Action.

Notwithstanding anything to the contrary set forth in this Plan, any and all actions of the Board or Committee, as the case may be, taken under or in connection with this Plan and any agreements, instruments, documents, certificates or other writings entered into, executed, granted, issued and/or delivered pursuant to the terms hereof, shall be subject to and limited by any and all votes, consents, approvals, waivers or other actions of all or certain stockholders of the Company or other persons required pursuant to (i) the Company's Certificate of Incorporation (as the same may be amended and/or restated from time to time), (ii) the Company's Bylaws (as the same may be amended and/or restated from time to time), and (iii) any agreement, instrument, document or writing now or hereafter existing, between or among the Company and its stockholders or other persons (as the same may be amended from time to time).

ADOPTION AND APPROVAL OF PLAN Date Plan adopted by Board:

Date Plan approved by Stockholders:

Effective Date of Plan:

ORASURE TECHNOLOGIES, INC.

2000 STOCK AWARD PLAN

ARTICLE 1
ESTABLISHMENT AND PURPOSE

Establishment. Epitope, Inc. established this Plan as the Epitope, Inc. 2000 Stock Award Plan, effective as of February 15, 2000, subject to shareholder approval as provided in Article 17. Effective September 29, 2000, in connection with the merger of Epitope, Inc. with and into OraSure Technologies, Inc., the name of the Plan was changed to the OraSure Technologies, Inc. 2000 Stock Award Plan and the Plan was adopted as a stock option plan of OraSure Technologies, Inc.

1.1 Purpose. The purpose of the Plan is to promote and advance the interests of Corporation and its shareholders by enabling Corporation to attract, retain, and reward employees, outside advisors, and directors of Corporation and its subsidiaries. It is also intended to strengthen the mutuality of interests between such employees, advisors, and directors and Corporation's shareholders. The Plan is designed to meet this intent by offering stock options and other equity-based incentive awards, thereby providing a proprietary interest in pursuing the long-term growth, profitability, and financial success of Corporation.

ARTICLE 2
DEFINITIONS

2.1 Defined Terms. For purposes of the Plan, the following terms have the meanings set forth below:

"ADVISOR" means a natural person who is a consultant to or member of an Advisory Committee of Corporation or a Subsidiary, who provides bona fide services to Corporation and who is neither an employee of Corporation or a Subsidiary nor a Non-Employee Director. "Advisor" excludes any person who provides services to Corporation in connection with the offer or sale of securities in a capital raising transaction or to promote or maintain a market for Corporation's securities, and any other person excluded from the class of persons to whom securities may be offered pursuant to a registration statement on Form S-8 or any successor form of registration statement.

"ADVISORY COMMITTEE" means a scientific advisory committee to Corporation or a Subsidiary.

"AWARD" means an award or grant made to a Participant of Options, Stock Appreciation Rights, Restricted Awards, Performance Awards, or Other Stock-Based Awards pursuant to the Plan.

"AWARD AGREEMENT" means an agreement as described in Section 6.4.

"BOARD" means the Board of Directors of Corporation.

"CODE" means the Internal Revenue Code of 1986, as amended and in effect from time to time, or any successor thereto, together with rules, regulations, and interpretations promulgated thereunder. Where the context so requires, any reference to a particular Code section will be construed to refer to the successor provision to such Code section.

"COMMITTEE" means the committee appointed by the Board to administer the Plan as provided in Article 3 of the Plan.

"COMMON STOCK" means the Common Stock, no par value, of Corporation or any security of Corporation issued in substitution, in exchange, or in lieu of such stock.

"CONTINUING RESTRICTION" means a Restriction contained in Sections 6.7, 6.8, and 16.4 of the Plan and any other Restrictions expressly designated by the Committee in an Award Agreement as a Continuing Restriction.

"CORPORATION" means OraSure Technologies, Inc., a Delaware corporation, or any successor corporation. As to awards granted or other action taken prior to September 29, 2000, "Corporation" includes Epitope, Inc., as predecessor to OraSure Technologies, Inc.

"DEFERRED COMPENSATION OPTION" means a Nonqualified Option granted with an option price less than Fair Market Value on the date of grant pursuant to Section 7.9 of the Plan.

"DISABILITY" means the condition of being "disabled" within the meaning of Section 422(c)(6) of the Code. However, the Committee may change the foregoing definition of "Disability" or may adopt a different definition for purposes of specific Awards.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended and in effect from time to time, or any successor statute. Where the context so requires, any reference to a particular section of the Exchange Act, or to any rule promulgated under the Exchange Act, shall be construed to refer to successor provisions to such section or rule.

"FAIR MARKET VALUE" means with respect to Common Stock, on a particular day, without regard to any restrictions (other than a restriction which, by its terms, will never lapse), the mean between the reported high and low sale prices, or, if there is no sale on such day, the mean between the

reported bid and asked prices, of Shares of the Common Stock on that day or, if that day is not a trading day, the last prior trading day, on the securities exchange or automated securities interdealer quotation system on which such Shares have been traded.

"INCENTIVE STOCK OPTION" or "ISO" means any Option granted pursuant to the Plan that is intended to be and is specifically designated in its Award Agreement as an "incentive stock option" within the meaning of Section 422 of the Code.

"NON-EMPLOYEE DIRECTOR" means a member of the Board who is not an employee of Corporation or any Subsidiary.

"NONQUALIFIED OPTION" or "NQO" means any Option, including a Deferred Compensation Option, granted pursuant to the Plan that is not an Incentive Stock Option.

"OPTION" means an ISO, an NQO, or a Deferred Compensation Option.

"OTHER STOCK-BASED AWARD" means an Award as defined in Section 11.1.

"PARTICIPANT" means an employee of Corporation or a Subsidiary, an Advisor, or a Non-Employee Director who is granted an Award under the Plan.

"PERFORMANCE AWARD" means an Award granted pursuant to the provisions of Article 10 of the Plan, the Vesting of which is contingent on performance attainment.

"PERFORMANCE CYCLE" means a designated performance period pursuant to the provisions of Section 10.3 of the Plan.

"PERFORMANCE GOAL" means a designated performance objective pursuant to the provisions of Section 10.4 of the Plan.

"PLAN" means this OraSure Technologies, Inc. 2000 Stock Award Plan, as set forth herein and as it may be amended from time to time.

"REPORTING PERSON" means a Participant who is subject to the reporting requirements of Section 16(a) of the Exchange Act.

"RESTRICTED AWARD" means a Restricted Share or a Restricted Unit granted pursuant to Article 9 of the Plan.

"RESTRICTED SHARE" means an Award described in Section 9.1(a) of the Plan.

"RESTRICTED UNIT" means an Award of units representing Shares described in Section 9.1(b) of the Plan.

"RESTRICTION" means a provision in the Plan or in an Award Agreement which limits the exercisability or transferability, or which governs the forfeiture, of an Award or the Shares, cash, or other property payable pursuant to an Award.

"RETIREMENT" means:

(a) For Participants who are employees, retirement from active employment with Corporation and its Subsidiaries at or after age 50, or such earlier retirement date as approved by the Committee for purposes of the Plan;

(b) For Participants who are Non-Employee Directors, termination of membership on the Board after attaining age 50, or such earlier retirement date as approved by the Committee for purposes of the Plan; and

(c) For Participants who are Advisors, termination of service as an Advisor after attaining age 50, or such earlier retirement date as approved by the Committee for purposes of the Plan.

However, the Committee may change the foregoing definition of "Retirement" or may adopt a different definition for purposes of specific Awards.

"SHARE" means a share of Common Stock.

"STOCK APPRECIATION RIGHT" or "SAR" means an Award to benefit from the appreciation of Common Stock granted pursuant to the provisions of Article 8 of the Plan.

"SUBSIDIARY" means any "subsidiary corporation" of Corporation within the meaning of Section 424 of the Code, namely any corporation in which Corporation directly or indirectly controls 50 percent or more of the total combined voting power of all classes of stock having voting power.

"VEST" or "VESTED" means:

(a) In the case of an Award that requires exercise, to be or to become immediately and fully exercisable and free of all Restrictions (other than Continuing Restrictions);

(b) In the case of an Award that is subject to forfeiture, to be or to become nonforfeitable, freely transferable, and free of all Restrictions (other than Continuing Restrictions);

(c) In the case of an Award that is required to be earned by attaining specified Performance Goals, to be or to become earned and nonforfeitable, freely transferable, and free of all Restrictions (other than Continuing Restrictions); or

(d) In the case of any other Award as to which payment is not dependent solely upon the exercise of a right, election, exercise, or option, to be or to become immediately payable and free of all Restrictions (except Continuing Restrictions).

2.2 Gender and Number. Except where otherwise indicated by the context, any masculine or feminine terminology used in the Plan shall also include the opposite gender; and the definition of any term in Section 2.1 in the singular shall also include the plural, and vice versa.

ARTICLE 3
ADMINISTRATION

3.1 General. Except as provided in Section 3.7, the Plan will be administered by a Committee composed as described in Section 3.2.

3.2 Composition of the Committee. The Committee will be appointed by the Board from among its members in a number and with such qualifications as will meet the requirements for approval by a committee pursuant to both Rule 16b-3 under the Exchange Act and Section 162m of the Code. The Board may from time to time remove members from, or add members to, the Committee. Vacancies on the Committee, however caused, will be filled by the Board.

The initial members of the Committee will be the members of Corporation's existing Executive Compensation Committee. The Board may at any time replace the Executive Compensation Committee with another Committee. In the event that the Executive Compensation Committee ceases to satisfy the requirements of Rule 16b-3 or Section 162m of the Code, the Board will appoint another Committee satisfying such requirements.

3.3 Authority of the Committee. The Committee will have full power and authority (subject to such orders or resolutions as may be issued or adopted from time to time by the Board) to administer the Plan in its sole discretion, including the authority to:

(a) Construe and interpret the Plan and any Award Agreement;

(b) Promulgate, amend, and rescind rules and procedures relating to the implementation of the Plan;

(c) With respect to employees and Advisors:

(i) Select the employees and Advisors who shall be granted Awards;

(ii) Determine the number and types of Awards to be granted to each such Participant;

(iii) Determine the number of Shares, or Share equivalents, to be subject to each Award;

(iv) Determine the option price, purchase price, base price, or similar feature for any Award; and

(v) Determine all the terms and conditions of all Award Agreements, consistent with the requirements of the Plan.

Decisions of the Committee, or any delegate as permitted by the Plan, shall be final, conclusive, and binding on all Participants.

3.4 Action by the Committee. A majority of the members of the Committee will constitute a quorum for the transaction of business. Action approved by a majority of the members present at any meeting at which a quorum is present, or action in writing by all the members of the Committee, will be the valid acts of the Committee.

3.5 Delegation. Notwithstanding the foregoing, the Committee may delegate to one or more officers of Corporation the authority to determine the recipients, types, amounts, and terms of Awards granted to Participants who are not Reporting Persons.

3.6 Liability of Committee Members. No member of the Committee will be liable for any action or determination made in good faith with respect to the Plan, any Award, or any Participant.

3.7 Awards to Non-Employee Directors. The Board or Committee may grant Awards from time to time to Non-Employee Directors.

3.8 Costs of Plan. The costs and expenses of administering the Plan will be borne by Corporation.

ARTICLE 4
DURATION OF THE PLAN AND SHARES SUBJECT TO THE PLAN

4.1 Duration of the Plan. The Plan is effective February 15, 2000, subject to approval by Epitope, Inc.'s shareholders as provided in Article 17. The Plan will remain in effect until Awards have been granted covering all the available Shares or the Plan is otherwise terminated by the Board. Termination of the Plan will not affect outstanding Awards.

4.2 Shares Subject to the Plan.

4.2.1 General. The shares which may be made subject to Awards under the Plan are Shares of Common Stock, which may be either authorized and unissued Shares or reacquired Shares. No fractional Shares may be issued under the Plan.

4.2.2 Number of Shares. The maximum number of Shares for which Awards may be granted under the Plan is 2,500,000 Shares, plus the number of Shares that are available for grant under the Epitope, Inc., 1991 Stock Award Plan (the "1991 Plan"), on February 15, 2000, subject to adjustment pursuant to Article 14 of the Plan.

4.2.3 Availability of Shares for Future Awards. If an Award under the Plan, the 1991 Plan, or the Incentive Stock Option Plan for Key Employees of Epitope, Inc. (the "ISOP"), is canceled or expires for any reason prior to having been fully Vested or exercised by a Participant or is settled in cash in lieu of Shares or is exchanged for other Awards, all Shares covered by such Awards will be made available for future Awards under the Plan. Furthermore, any Shares used as full or partial payment to Corporation by a Participant of the option, purchase, or other exercise price of an Award and any Shares covered by a Stock Appreciation Right which are not issued upon exercise will become available for future Awards.

ARTICLE 5
ELIGIBILITY

5.1 Employees and Advisors. Officers and other employees of Corporation and any Subsidiaries (who may also be directors of Corporation or a Subsidiary) and Advisors who, in the Committee's judgment, are or will be contributors to the long-term success of Corporation will be eligible to receive Awards under the Plan.

5.2 Non-Employee Directors. All Non-Employee Directors will be eligible to receive Awards as provided in Section 3.7 of the Plan.

ARTICLE 6
AWARDS

6.1 Types of Awards. The types of Awards that may be granted under the Plan are:

(a) Options governed by Article 7 of the Plan;

(b) Stock Appreciation Rights governed by Article 8 of the Plan;

(c) Restricted Awards governed by Article 9 of the Plan;

(d) Performance Awards governed by Article 10 of the Plan; and

(e) Other Stock-Based Awards or combination awards governed by Article 11 of the Plan.

In the discretion of the Committee, any Award may be granted alone, in addition to, or in tandem with other Awards under the Plan.

6.2 General. Subject to the limitations of the Plan, the Committee may cause Corporation to grant Awards to such Participants, at such times, of such types, in such amounts, for such periods, with such option prices, purchase prices, or base prices, and subject to such terms, conditions, limitations, and restrictions as the Committee, in its discretion, deems appropriate. Awards may be granted as additional compensation to a Participant or in lieu of other compensation to such Participant. A Participant may receive more than one Award and more than one type of Award under the Plan.

6.3 Nonuniform Determinations. The Committee's determinations under the Plan or under one or more Award Agreements, including without limitation, (a) the selection of Participants to receive Awards, (b) the type, form, amount, and timing of Awards, (c) the terms of specific Award Agreements, and (d) elections and determinations made by the Committee with respect to exercise or payments of Awards, need not be uniform and may be made by the Committee selectively among Participants and Awards, whether or not Participants are similarly situated.

6.4 Award Agreements. Each Award will be evidenced by a written Award Agreement between Corporation and the Participant. Award Agreements may, subject to the provisions of the Plan, contain any provision approved by the Committee.

6.5 Provisions Governing All Awards. All Awards will be subject to the following provisions:

(a) Alternative Awards. If any Awards are designated in their Award Agreements as alternative to each other, the exercise of all or part of one Award automatically will cause an immediate equal (or pro rata) corresponding termination of the other alternative Award or Awards.

(b) Rights as Shareholders. No Participant will have any rights of a shareholder with respect to Shares subject to an Award until such Shares are issued in the name of the Participant.

(c) Employment Rights. Neither the adoption of the Plan nor the granting of any Award will confer on any person the right to continued employment with Corporation or any Subsidiary or the right to remain as a director of Corporation or a member of any Advisory Committee, as the case may be, nor will it interfere in any way with the right of Corporation or a Subsidiary to terminate such person's employment or to remove such person as an Advisor or as a director at any time for any reason or for no reason, with or without cause.

(d) Termination Of Employment. The terms and conditions under which an Award may be exercised or will continue to Vest, if at all, after a Participant's termination of employment or service as an Advisor or as a Non-Employee Director will be determined by the Committee and specified in the applicable Award Agreement.

(e) Change in Control. The Committee, in its discretion, may provide in any Award Agreement that in the event of a change in control of Corporation (as the Committee may define such term in the Award Agreement), as of the date of such change in control:

(i) All, or a specified portion of, Awards requiring exercise will become fully and immediately exercisable, notwithstanding any other limitations on exercise;

(ii) All, or a specified portion of, Awards subject to Restrictions will become fully Vested; and

(iii) All, or a specified portion of, Awards subject to Performance Goals will be deemed to have been fully earned.

The Committee, in its discretion, may include change in control provisions in some Award Agreements and not in others, may include different change in control provisions in different Award Agreements, and may include change in control provisions for some Awards or some Participants and not for others.

(f) Service Periods. At the time of granting Awards, the Committee may specify, by resolution or in the Award Agreement, the period or periods of service performed or to be performed by the Participant in connection with the grant of the Award.

6.6 Tax Withholding.

(a) General. Corporation will have the right to deduct from any settlement, including the delivery or Vesting of Shares, made under the Plan any federal, state, or local taxes of any kind required by law to be withheld with

respect to such payments or to take such other action as may be necessary in the opinion of Corporation to satisfy all obligations for the payment of such taxes. The recipient of any payment or distribution under the Plan will make arrangements satisfactory to Corporation for the satisfaction of any such withholding tax obligations. Corporation will not be required to make any such payment or distribution under the Plan until such obligations are satisfied.

(b) Stock Withholding. The Committee, in its sole discretion, may permit a Participant to satisfy all or a part of the withholding tax obligations incident to the settlement of an Award involving payment or delivery of Shares to the Participant by having Corporation withhold a portion of the Shares that would otherwise be issuable to the Participant. Such Shares will be valued based on their Fair Market Value on the date the tax withholding is required to be made. Any stock withholding with respect to a Reporting Person will be subject to such limitations as the Committee may impose to comply with the requirements of the Exchange Act.

6.7 Annulment of Awards. Any Award Agreement may provide that the grant of an Award payable in cash is provisional until cash is paid in settlement thereof or that grant of an Award payable in Shares is provisional until the Participant becomes entitled to the certificate in settlement thereof. In the event the employment (or service as an Advisor or membership on the Board) of a Participant is terminated for cause (as defined below), any Award that is provisional will be annulled as of the date of such termination for cause. For the purpose of this Section 6.7, the term "for cause" has the meaning set forth in the Participant's employment agreement, if any, or otherwise means any discharge (or removal) for material or flagrant violation of the policies and procedures of Corporation or for other job performance or conduct which is materially detrimental to the best interests of Corporation, as determined by the Committee.

6.8 Engaging in Competition With Corporation. Any Award Agreement may provide that, if a Participant terminates employment with Corporation or a Subsidiary for any reason whatsoever, and within 18 months after the date thereof accepts employment with any competitor of (or otherwise engages in competition with) Corporation, the Committee, in its sole discretion, may require such Participant to return to Corporation the economic value of any Award that is realized or obtained (measured at the date of exercise, Vesting, or payment) by such Participant at any time during the period beginning on the date that is six months prior to the date of such Participant's termination of employment with Corporation.

ARTICLE 7
OPTIONS

7.1 Types of Options. Options granted under the Plan may be in the form of Incentive Stock Options or Nonqualified Options (including Deferred Compensation Options). The grant of each Option and the Award Agreement governing each Option will identify the Option as an ISO or an NQO. In the event the Code is amended to provide for tax-favored forms of stock options other than or in addition to Incentive Stock Options, the Committee may grant Options under the Plan meeting the requirements of such forms of options.

7.2 General. Options will be subject to the terms and conditions set forth in Article 6 and this Article 7 and may contain such additional terms and conditions, not inconsistent with the express provisions of the Plan, as the Committee (or the Board with respect to Awards to Non-Employee Directors) deems desirable.

7.3 Option Price. Each Award Agreement for Options will state the option exercise price per Share of Common Stock purchasable under the Option, which will not be less than:

(a) $1 per share in the case of a Deferred Compensation Option;

(b) 75 percent of the Fair Market Value of a Share on the date of grant for all other Nonqualified Options; or

(c) 100 percent of the Fair Market Value of a Share on the date of grant for all Incentive Stock Options.

7.4 Option Term. The Award Agreement for each Option will specify the term of each Option, which may be unlimited or may have a specified period during which the Option may be exercised, as determined by the Committee.

7.5 Time of Exercise. The Award Agreement for each Option will specify, as determined by the Committee:

(a) The time or times when the Option will become exercisable and whether the Option will become exercisable in full or in graduated amounts over a period specified in the Award Agreement;

(b) Such other terms, conditions, and restrictions as to when the Option may be exercised as determined by the Committee; and

(c) The extent, if any, to which the Option will remain exercisable after the Participant ceases to be an employee, Advisor, or director of Corporation or a Subsidiary.

An Award Agreement for an Option may, in the discretion of the Committee, provide whether, and to what extent, the Option will become immediately and fully exercisable (i) in the event of the death, Disability, or Retirement of the Participant, or (ii) upon the occurrence of a change in control of Corporation.

7.6 Method of Exercise. The Award Agreement for each Option will specify the method or methods of payment acceptable upon exercise of an Option. An Award Agreement may provide that the option price is payable in full in cash or, at the discretion of the Committee:

(a) In installments on such terms and over such period as the Committee determines;

(b) In previously acquired Shares (including Restricted Shares);

(c) By surrendering outstanding Awards under the Plan denominated in Shares or in Share-equivalent units;

(d) By delivery (in a form approved by the Committee) of an irrevocable direction to a securities broker acceptable to the Committee:

(i) To sell Shares subject to the Option and to deliver all or a part of the sales proceeds to Corporation in payment of all or a part of the option price and withholding taxes due; or

(ii) To pledge Shares subject to the Option to the broker as security for a loan and to deliver all or a part of the loan proceeds to Corporation in payment of all or a part of the option price and withholding taxes due; or

(e) In any combination of the foregoing or in any other form approved by the Committee.

If Restricted Shares are surrendered in full or partial payment of an Option price, a corresponding number of the Shares issued upon exercise of the Option will be Restricted Shares subject to the same Restrictions as the surrendered Restricted Shares.

7.7 Special Rules for Incentive Stock Options. In the case of an Option designated as an Incentive Stock Option, the terms of the Option and the Award Agreement must be in conformance with the statutory and regulatory requirements specified in Section 422 of the Code, as in effect on the date such ISO is granted. ISOs may be granted only to employees of Corporation or a Subsidiary. ISOs may not be granted under the Plan after February 15, 2010, unless the ten-year limitation of Section 422(b)(2) of the Code is removed or extended.

7.8 Restricted Shares. In the discretion of the Committee, the Shares issuable upon exercise of an Option may be Restricted Shares if so provided in the Award Agreement.

7.9 Deferred Compensation Options. The Committee may, in its discretion, grant Deferred Compensation Options with an option price less than Fair Market Value to provide a means for deferral of compensation to future dates. The option price will be determined by the Committee subject to Section 7.3(a) of the Plan. The number of Shares subject to a Deferred Compensation Option will be determined by the Committee, in its discretion, by dividing the amount of compensation to be deferred by the difference between the Fair Market Value of a Share on the date of grant and the option price of the Deferred Compensation Option. Amounts of compensation deferred with Deferred Compensation Options may include amounts earned under Awards granted under the Plan or under any other compensation program or arrangement of Corporation as permitted by the Committee. The Committee may grant Deferred Compensation Options only if it reasonably determines that the recipient of such an Option is not likely to be deemed to be in constructive receipt for income tax purposes of the income being deferred.

7.10 Reload Options. The Committee, in its discretion, may provide in an Award Agreement for an Option that in the event all or a portion of the Option is exercised by the

Participant using previously acquired Shares, the Participant will automatically be granted a replacement Option (with an option price equal to the Fair Market Value of a Share on the date of such exercise) for a number of Shares equal to (or equal to a portion of) the number of shares surrendered upon exercise of the Option. Such reload Option features may be subject to such terms and conditions as the Committee shall determine, including without limitation, a condition that the Participant retain the Shares issued upon exercise of the Option for a specified period of time.

7.11 Limitation on Number of Shares Subject to Options. In no event may Options for more than 500,000 Shares be granted to any individual under the Plan during any fiscal year period.

ARTICLE 8
STOCK APPRECIATION RIGHTS

8.1 General. Stock Appreciation Rights will be subject to the terms and conditions set forth in Article 6 and this Article 8 and may contain such additional terms and conditions, not inconsistent with the express terms of the Plan, as the Committee (or the Board with respect to Awards to Non-Employee Directors) deems desirable.

8.2 Nature of Stock Appreciation Right. A Stock Appreciation Right is an Award entitling a Participant to receive an amount equal to the excess (or if the Committee determines at the time of grant, a portion of the excess) of the Fair Market Value of a Share of Common Stock on the date of exercise of the SAR over the base price, as described below, on the date of grant of the SAR, multiplied by the number of Shares with respect to which the SAR has been exercised. The base price will be designated by the Committee in the Award Agreement for the SAR and may be the Fair Market Value of a Share on the grant date of the SAR or such other higher or lower price as the Committee determines.

8.3 Exercise. A Stock Appreciation Right may be exercised by a Participant in accordance with procedures established by the Committee. The Committee may also provide that an SAR will be automatically exercised on one or more specified dates or upon the satisfaction of one or more specified conditions. In the case of SARs granted to Reporting Persons, exercise of the SAR will be limited by the Committee to the extent required to comply with the applicable requirements of Rule 16b-3 under the Exchange Act.

8.4 Form of Payment. Payment upon exercise of a Stock Appreciation Right may be made in cash, in installments, in Shares, by issuance of a Deferred Compensation Option, or in any combination of the foregoing, or in any other form as the Committee determines.

8.5 Limitation on Number of Shares Subject to SARs. In no event may SARs for more than 500,000 Shares be granted to any individual under the Plan during any fiscal year period.

ARTICLE 9
RESTRICTED AWARDS

9.1 Types of Restricted Awards. Restricted Awards granted under the Plan may be in the form of either Restricted Shares or Restricted Units.

(a) Restricted Shares. A Restricted Share is an Award of Shares transferred to a Participant subject to such terms and conditions as the Committee deems appropriate, including, without limitation, restrictions on the sale, assignment, transfer, or other disposition of such Restricted Shares and may include a requirement that the Participant forfeit such Restricted Shares back to Corporation upon termination of Participant's employment (or service as an Advisor or Non-Employee Director) for specified reasons within a specified period of time or upon other conditions, as set forth in the Award Agreement for such Restricted Shares. Each Participant receiving a Restricted Share will be issued a stock certificate in respect of such Shares, registered in the name of such Participant, and will be required to execute a stock power in blank with respect to the Shares evidenced by such certificate. The certificate evidencing such Restricted Shares and the stock power will be held in custody by Corporation until the Restrictions thereon will have lapsed.

(b) Restricted Units. A Restricted Unit is an Award of units (with each unit having a value equivalent to one Share) granted to a Participant subject to such terms and conditions as the Committee deems appropriate, and may include a requirement that the Participant forfeit such Restricted Units upon termination of Participant's employment (or service as an Advisor or Non-Employee Director) for specified reasons within a specified period of time or upon other conditions, as set forth in the Award Agreement for such Restricted Units.

9.2 General. Restricted Awards will be subject to the terms and conditions of Article 6 and this Article 9 and may contain such additional terms and conditions, not inconsistent with the express provisions of the Plan, as the Committee (or the Board with respect to Awards to Non-Employee Directors) deems desirable.

9.3 Restriction Period. Restricted Awards will provide that such Awards, and the Shares subject to such Awards, may not be transferred, and may provide that, in order for a Participant to Vest in such Awards, the Participant must remain in the employment (or remain as an Advisor or Non-Employee Director) of Corporation or its Subsidiaries, subject to relief for reasons specified in the Award Agreement, for a period commencing on the date of the Award and ending on such later date or dates as the Committee designates at the time of the Award (the "Restriction Period"). During the Restriction Period, a Participant may not sell, assign, transfer, pledge, encumber, or otherwise dispose of Shares received under or governed by a Restricted Award grant. The Committee, in its sole discretion, may provide for the lapse of restrictions in installments during the Restriction Period. Upon expiration of the applicable Restriction Period (or lapse of Restrictions during the Restriction Period where the Restrictions lapse in installments) the Participant shall be entitled to settlement of the Restricted Award or portion

thereof, as the case may be. Although Restricted Awards will usually Vest based on continued employment (or service as an Advisor or Non-Employee Director) and Performance Awards under Article 10 shall usually Vest based on attainment of Performance Goals, the Committee, in its discretion, may condition Vesting of Restricted Awards on attainment of Performance Goals as well as continued employment (or service as an Advisor or Non-Employee Director). In such case, the Restriction Period for such a Restricted Award will include the period prior to satisfaction of the Performance Goals.

9.4 Forfeiture. If a Participant ceases to be an employee, Advisor of Corporation or a Subsidiary or Non-Employee Director during the Restriction Period for any reason other than reasons which may be specified in an Award Agreement (such as death, Disability, or Retirement), the Award Agreement may require that all non-Vested Restricted Awards previously granted to the Participant be forfeited and returned to Corporation.

9.5 Settlement of Restricted Awards.

(a) Restricted Shares. Upon Vesting of a Restricted Share Award, the legend on such Shares will be removed and the Participant's stock power will be returned and the Shares will no longer be Restricted Shares. The Committee may also, in its discretion, permit a Participant to receive, in lieu of unrestricted Shares at the conclusion of the Restriction Period, payment in cash, installments, a Deferred Compensation Option equal to the Fair Market Value of the Restricted Shares as of the date the Restrictions lapse, or in any other manner or combination of such methods as the Committee, in its sole discretion, determines.

(b) Restricted Units. Upon Vesting of a Restricted Unit Award, a Participant will be entitled to receive payment for Restricted Units in an amount equal to the aggregate Fair Market Value of the Shares covered by such Restricted Units at the expiration of the Applicable Restriction Period. Payment in settlement of a Restricted Unit will be made as soon as practicable following the conclusion of the applicable Restriction Period in cash, in installments, in Shares equal to the number of Restricted Units, by issuance of a Deferred Compensation Option, or in any other manner or combination of such methods as the Committee, in its sole discretion, determines.

9.6 Rights as a Shareholder. A Participant will have, with respect to unforfeited Shares received under a grant of Restricted Shares, all the rights of a shareholder of Corporation, including the right to vote the Shares, and the right to receive any cash dividends. Stock dividends issued with respect to Restricted Shares will be treated as additional Shares covered by the grant of Restricted Shares and will be subject to the same Restrictions.

ARTICLE 10
PERFORMANCE AWARDS

10.1 General. Performance Awards will be subject to the terms and conditions set forth in Article 6 and this Article 10 and may contain such other terms and conditions not

inconsistent with the express provisions of the Plan, as the Committee (or the Board with respect to Awards to Non-Employee Directors) deems desirable.

10.2 Nature of Performance Awards. A Performance Award is an Award of units (with each unit having a value equivalent to one Share) granted to a Participant subject to such terms and conditions as the Committee deems appropriate, including, without limitation, the requirement that the Participant forfeit such Performance Award or a portion thereof in the event specified performance criteria are not met within a designated period of time.

10.3 Performance Cycles. For each Performance Award, the Committee will designate a performance period (the "Performance Cycle") with a duration to be determined by the Committee in its discretion within which specified Performance Goals are to be attained. There may be several Performance Cycles in existence at any one time and the duration of Performance Cycles may differ from each other.

10.4 Performance Goals. The Committee will establish Performance Goals for each Performance Cycle on the basis of such criteria and to accomplish such objectives as the Committee may from time to time select. Performance Goals may be based on performance criteria for Corporation, a Subsidiary, or an operating group, or based on a Participant's individual performance. Performance Goals may include objective and subjective criteria. During any Performance Cycle, the Committee may adjust the Performance Goals for such Performance Cycle as it deems equitable in recognition of unusual or nonrecurring events affecting Corporation, changes in applicable tax laws or accounting principles, or such other factors as the Committee may determine.

10.5 Determination of Awards. As soon as practicable after the end of a Performance Cycle, the Committee will determine the extent to which Performance Awards have been earned on the basis of performance in relation to the established Performance Goals.

10.6 Timing and Form of Payment. Settlement of earned Performance Awards will be made to the Participant as soon as practicable after the expiration of the Performance Cycle and the Committee's determination under Section 10.5, in the form of cash, installments, Shares, Deferred Compensation Options, or any combination of the foregoing or in any other form as the Committee determines.

10.7 Performance Goals for Executive Officers. The performance goals for Performance Awards granted to executive officers of Corporation may relate to corporate performance, business unit performance, or a combination of both.

(a) Corporate performance goals will be based on financial performance goals related to the performance of Corporation as a whole and may include one or more measures related to earnings, profitability, efficiency, or return to stockholders such as earnings per share, operating profit, stock price, costs of production, or other measures.

(b) Business unit performance goals will be based on a combination of financial goals and strategic goals related to the performance of an identified business unit for which a Participant has responsibility. Strategic goals for a

business unit may include one or a combination of objective factors relating to success in implementing strategic plans or initiatives, introductory products, constructing facilities, or other identifiable objectives. Financial goals for a business unit may include the degree to which the business unit achieves one or more objective measures related to its revenues, earnings, profitability, efficiency, operating profit, costs of production, or other measures.

(c) Any corporate or business unit goals may be expressed as absolute amounts or as ratios or percentages. Success may be measured against various standards, including budget targets, improvement over prior periods, and performance relative to other companies, business units, or industry groups.

10.8 Award Limitations. The maximum number of Shares issuable with respect to Performance Awards granted to any individual executive officer may not exceed 150,000 Shares for any calendar year.

ARTICLE 11
OTHER STOCK-BASED AND COMBINATION AWARDS

11.1 Other Stock-Based Awards. The Committee (or the Board with respect to Awards to Non-Employee Directors) may grant other Awards under the Plan pursuant to which Shares are or may in the future be acquired, or Awards denominated in or measured by Share equivalent units, including Awards valued using measures other than the market value of Shares. Such Other Stock-Based Awards may be granted either alone, in addition to, or in tandem with, any other type of Award granted under the Plan.

11.2 Combination Awards. The Committee may also grant Awards under the Plan in tandem or combination with other Awards or in exchange of Awards, or in tandem or combination with, or as alternatives to, grants or rights under any other employee plan of Corporation, including the plan of any acquired entity. No action authorized by this section may reduce the amount of any existing benefits or change the terms and conditions thereof without the Participant's consent.

ARTICLE 12
DEFERRAL ELECTIONS

The Committee may permit a Participant to elect to defer receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise, earn-out, or Vesting of an Award made under the Plan. If any such election is permitted, the Committee will establish rules and procedures for such payment deferrals, including, but not limited to: (a) payment or crediting of reasonable interest on such deferred amounts credited in cash, (b) the payment or crediting of dividend equivalents in respect of deferrals credited in Share equivalent units, or (c) granting of Deferred Compensation Options.

ARTICLE 13
DIVIDEND EQUIVALENTS

Any Awards may, at the discretion of the Committee, earn dividend equivalents. In respect of any such Award that is outstanding on a dividend record date for Common Stock, the Participant may be credited with an amount equal to the amount of cash or stock dividends that would have been paid on the Shares covered by such Award, had such covered Shares been issued and outstanding on such dividend record date. The Committee will establish such rules and procedures governing the crediting of dividend equivalents, including the timing, form of payment, and payment contingencies of such dividend equivalents, as it deems appropriate or necessary.

ARTICLE 14
ADJUSTMENTS UPON CHANGES IN CAPITALIZATION, ETC.

14.1 Plan Does Not Restrict Corporation. The existence of the Plan and the Awards granted hereunder will not affect or restrict in any way the right or power of the Board or the shareholders of Corporation to make or authorize any adjustment, recapitalization, reorganization, or other change in Corporation's capital structure or its business, any merger or consolidation of the Corporation, any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting Corporation's capital stock or the rights thereof, the dissolution or liquidation of Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding.

14.2 Adjustments by the Committee. In the event of any change in capitalization affecting the Common Stock of Corporation, such as a stock dividend, stock split, recapitalization, merger, consolidation, split-up, combination or exchange of shares or other form of reorganization, or any other change affecting the Common Stock, such proportionate adjustments, if any, as the Committee, in its sole discretion, may deem appropriate to reflect such change, will be made with respect to the aggregate number of Shares for which Awards in respect thereof may be granted under the Plan, the maximum number of Shares which may be sold or awarded to any Participant, the number of Shares covered by each outstanding Award, and the price per Share in respect of outstanding Awards. The Committee may also make such adjustments in the number of Shares covered by, and price or other value of any outstanding Awards in the event of a spin-off or other distribution (other than normal cash dividends), of Corporation assets to shareholders.

ARTICLE 15
AMENDMENT AND TERMINATION

The Board may amend, suspend, or terminate the Plan or any portion of the Plan at any time, provided no amendment may be made without shareholder approval if such approval is required by applicable law or the applicable requirements of a stock exchange or over-the-counter stock trading system.

ARTICLE 16
MISCELLANEOUS

16.1 Unfunded Plan. The Plan will be unfunded and Corporation will not be required to segregate any assets that may at any time be represented by Awards under the Plan. Any liability of Corporation to any person with respect to any Award under the Plan will be based solely upon any contractual obligations that may be effected pursuant to the Plan. No such obligation of Corporation will be deemed to be secured by any pledge of, or other encumbrance on, any property of Corporation.

16.2 Payments to Trust. The Committee is authorized (but has no obligation) to cause to be established a trust agreement or several trust agreements whereunder the Committee may make payments of amounts due or to become due to Participants in the Plan.

16.3 Other Corporation Benefit and Compensation Programs. Payments and other benefits received by a Participant under an Award made pursuant to the Plan will not be deemed a part of a Participant's regular, recurring compensation for purposes of the termination indemnity or severance pay law of any state or country and shall not be included in, or have any effect on, the determination of benefits under any other employee benefit plan or similar arrangement provided by Corporation or a Subsidiary unless expressly so provided by such other plan or arrangements, or except where the Committee expressly determines that an Award or portion of an Award should be included to accurately reflect competitive compensation practices or to recognize that an Award has been made in lieu of a portion of cash compensation. Awards under the Plan may be made in combination with or in tandem with, or as alternatives to, grants, awards, or payments under any other Corporation or Subsidiary plans, arrangements, or programs. The Plan notwithstanding, Corporation or any Subsidiary may adopt such other compensation programs and additional compensation arrangements as it deems necessary to attract, retain, and reward employees and directors for their service with Corporation and its Subsidiaries.

16.4 Securities Law Restrictions. No Shares may be issued under the Plan unless counsel for Corporation is satisfied that such issuance will be in compliance with applicable federal and state securities laws. Certificates for Shares delivered under the Plan may be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Common Stock is then listed, and any applicable federal or state securities law. The Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

16.5 Governing Law. Except with respect to references to the Code or federal securities laws, the Plan and all actions taken thereunder shall be governed by and construed in accordance with the laws of the state of Delaware.

ARTICLE 17
SHAREHOLDER APPROVAL

The Plan is expressly subject to the approval of the Plan by the shareholders at the 2000 annual meeting of Epitope Inc.'s shareholders.

NONQUALIFIED STOCK OPTION AGREEMENT
FOR DISCOUNTED NON-PLAN OPTION

This Nonqualified Stock Option Agreement for Discounted Non-Plan Option ("Agreement") is executed by and between Epitope, Inc., an Oregon corporation ("Epitope") and Robert D. Thompson ("Participant"), effective as of the Grant Date, as defined below. This Agreement and the Option evidenced by this Agreement are not granted under or subject in any way to the Epitope, Inc., 1991 Stock Award Plan or the Epitope, Inc. 2000 Stock Award Plan (the "Plans").

INTRODUCTION

Capitalized terms not otherwise defined have the definitions assigned in Section 14 of this Agreement.

Participant has been hired by Epitope as its Chief Executive Officer. As a term of his employment, the board of directors of Epitope has authorized the grant of a nonqualified stock option to Participant, so that Participant will have a significant financial interest in Epitope's success.

AGREEMENT

The parties agree as follows:

1. GRANT OF OPTION.

Subject to the terms and conditions of this Agreement, Epitope has granted to Participant as of January 5, 2000 (the "Grant Date"), an Option to purchase 375,000 Shares (the "Option Shares") from Epitope at an exercise price of $4.5930 per share.

2. OPTION TYPE AND TERM.

2.1 TYPE OF OPTION. The Option is not intended to be an incentive stock option as described in Internal Revenue Code Section 422.

2.2 TERM. The term of the Option will be ten years from the Grant Date, unless earlier terminated pursuant to this Agreement.

2.3 VESTING. Except as otherwise provided in this Agreement, the Option shall be vested as to, and accordingly may be exercised from time to time during the term to purchase, Shares up to the following limits during the periods indicated following the Grant Date:

(a) During the period from the Grant Date to January 5, 2001 (the "First Anniversary"), no portion of the Option will be vested;

(b) Effective as of the First Anniversary, the Option will become vested as to one-third (1/3) of the total number of the Option Shares; and

(c) Effective as of the 5th day of February 2001, and on the corresponding day of each succeeding calendar month, the Option will become vested as to one-twenty-fourth (1/24) of the Option Shares that did not become vested pursuant to the foregoing paragraph (b).

2.4 RIGHTS AS SHAREHOLDER. Participant shall not have any rights as a shareholder with respect to Shares subject to this Agreement until such Shares are issued in the name of Participant.

3. EMPLOYMENT REQUIREMENT.

3.1 GENERAL. Except as provided in Section 4 of this Agreement, the Option may not be exercised and shall not be deemed vested unless the Participant is employed by Epitope and/or one or more of its Subsidiaries (an "Employer") continuously for at least one year after the Grant Date, unless employment is terminated by death, Disability, or Retirement. "Employment" for purposes of the Option shall include periods of illness or other leaves of absence authorized by Employer.

3.2 NO EMPLOYMENT CONTRACT. The Option shall not constitute a contract of employment of Participant by any Employer.

3.3 EXPIRATION AFTER TERMINATION OF EMPLOYMENT. If Participant ceases to be an active employee of any Employer, the right to exercise the Option shall expire at the end of the following periods:

After Termination On Account Of	Period
Death	1 year
Retirement	5 years
Disability	1 year
Any other reason	1 year

3.4 EFFECT OF TERMINATION ON VESTING. Subject to Section 3.1, the Option shall continue vesting in accordance with Section 2.3 for 90 days following termination of employment and shall then cease vesting. The Shares as to which the Option is exercisable under Section 3.3 shall be those as to which the Option is vested at the time of exercise.

4. ACCELERATION OF EXERCISABILITY.

Upon a Change in Control Date occurring while Participant is employed by Employer or within 90 days after termination of employment, the Option shall become immediately and fully vested and exercisable as to all Shares covered by the Option. A Change in Control Date occurring more than 90 days after termination of employment shall not cause the Option to become vested as to additional Shares.

5. SERVICE PERIODS.

The periods of service as an employee in connection with the grant of the Option are as follows:

5.1 FIRST YEAR. The portion of the Option vesting pursuant to Section 2.3(b) is in connection with services to be performed in the one-year period commencing on the Grant Date.

5.2 ADDITIONAL YEARS. The portions of the Option vesting in monthly installments pursuant to Section 2.3(c) are respectively in connection with services to be performed in the consecutive monthly periods ending immediately before each monthly vesting date.

6. METHOD OF EXERCISE.

6.1 EXERCISE OF OPTION. The Option, or a portion thereof, may be exercised, to the extent it has become exercisable pursuant to the terms of this Agreement, by delivery of written notice to Epitope in the form attached hereto stating the number of Shares, form of payment, and proposed date of closing.

6.2 OTHER DOCUMENTS. Participant shall furnish Epitope, before closing of any exercise of the Option, such other documents or representations as Epitope may require to assure compliance with applicable laws and regulations.

6.3 PAYMENT. The exercise price for the Shares purchased upon exercise of the Option shall be paid in full at or before closing by one or a combination of the following:

(a) Payment in cash;

(b) By delivery (in a form approved by the Committee) of an irrevocable direction to a securities broker acceptable to the Committee:

(i) To sell Shares subject to the Option and to deliver all or a part of the sales proceeds to Epitope in payment of all or a part of the exercise price and withholding taxes due; or

(ii) To pledge Shares subject to the Option to the broker as security for a loan and to deliver all or a part of the loan proceeds to Epitope in payment of all or a part of the exercise price and withholding taxes due; or

(c) Delivery of previously acquired Shares having a Fair Market Value at least equal to the exercise price.

6.4 PREVIOUSLY ACQUIRED SHARES. Delivery of previously acquired Shares surrendered in full or partial payment of the exercise price of the Option, or any portion thereof, shall be subject to the following conditions:

(a) The Shares tendered shall be in good delivery form;

(b) The Fair Market Value of the Shares, together with the amount of cash, if any, tendered shall equal or exceed the exercise price of the Option;

(c) Any Shares remaining after satisfying payment of the exercise price shall be reissued in the same manner as the Shares tendered; and

(d) No fractional Shares will be issued and cash will not be paid to Participant for any fractional Share value not used to satisfy payment of the exercise price.

7. TRANSFERABILITY.

7.1 RESTRICTION.

(a) The Option is not transferable by Participant other than by testamentary will or the laws of descent and distribution and, during Participant's lifetime, may be exercised only by Participant or Participant's guardian or legal representative;

(b) No assignment or transfer of the Option, whether voluntary, involuntary, or by operation of law or otherwise, except by testamentary will or the laws of descent and distribution, shall vest in the assignee or transferee any interest or right; and

(c) Immediately upon any attempt to assign or transfer the Option, the Option shall terminate and be of no force or effect.

7.2 EXERCISE IN THE EVENT OF DEATH OR DISABILITY. Whenever the word "Participant" is used in any provision of this Agreement under circumstances when the provision should logically be construed to apply to Participant's guardian, legal representative, executor, administrator, or the person or persons to whom the Option may be transferred by testamentary will or by the laws of descent and distribution, the word "Participant" shall be deemed to include such person or persons.

8. SECURITIES LAWS.

Epitope shall not be required to distribute any Shares upon exercise of the Option, or any portion thereof, until Epitope shall have taken any action required to comply with the provisions of the Securities Act of 1933 or any other then applicable federal or state securities laws.

9. TAX REIMBURSEMENT.

In the event any withholding or similar tax liability is imposed on Epitope in connection with or with respect to the exercise of the Option governed by this Agreement or the disposition by Participant of the Shares acquired upon exercise of the Option, Participant agrees to pay to Epitope an amount sufficient to satisfy such tax liability.

10. CONDITIONS PRECEDENT.

Epitope will use its best efforts to obtain any required approvals of the Option by any state or federal agency or authority that Epitope determines has jurisdiction. If Epitope determines that any required approval cannot be obtained, the Option will terminate on notice to Participant to that effect.

11. TERMINATION FOR CAUSE; COMPETITION.

11.1 ANNULMENT OF AWARDS. The grant of the Option governed by this Agreement is provisional until Participant becomes entitled to a certificate for Shares in settlement thereof. In the event the employment of Participant is terminated for cause (as defined below), any portion of the Option which is provisional shall be annulled as of the date of such termination for cause. For the purpose of this Section 9.1, the term "for cause" shall have the meaning set forth in Participant's employment agreement, if any, or otherwise means any discharge (or removal) for material or flagrant violation of the policies and procedures of Epitope or for other job performance or conduct which is materially detrimental to the best interests of Epitope, as determined by the Committee.

11.2 ENGAGING IN COMPETITION WITH EPITOPE. If Participant terminates employment with Epitope or a Subsidiary for any reason whatsoever, and within 18 months after the date thereof accepts employment with any competitor of (or otherwise engages in competition with) Epitope, the Committee, in its sole discretion, may require Participant to return to Epitope the economic value of the Option that is realized or obtained (measured at the date of exercise) by Participant at any time during the period beginning on the date that is six months prior to the date of Participant's termination of employment with the Employer.

12. SUCCESSORSHIP.

Subject to the restrictions on transferability of the Option set forth in this Agreement, this Agreement shall be binding upon and benefit the parties, their successors, and assigns.

13. ADJUSTMENTS BY COMMITTEE.

In the event of any change in capitalization affecting the common stock of Epitope, such as a stock dividend, stock split, recapitalization, merger, consolidation, split-up, combination or exchange of shares or other form of reorganization, or any other change affecting the common stock, such proportionate adjustments, if any, as the Committee, in its sole discretion, may deem appropriate to reflect such change, will be made with respect to the shares covered by the Option granted by this Agreement, and the price

per Share in respect of the Option. The Committee may also make such adjustments in the number of Shares covered by, and price or value of, the Option in the event of a spin-off or other distribution (other than normal cash dividends) of Epitope assets to shareholders.

14. DEFINED TERMS.

When used in this Agreement, the following terms shall have the meanings specified below:

14.1 "ACQUIRING PERSON" shall mean any person or related person or related persons which constitute a "group" for purposes of Section 13(d) and Rule 13d-5 under the Securities Exchange Act of 1934 (the "Exchange Act"), as such Section and Rule are in effect as of the date of the Agreement; provided, however, that the term Acquiring Person shall not include:

(a) Epitope or any of its Subsidiaries;

(b) Any employee benefit plan of Epitope or any of its Subsidiaries;

(c) Any entity holding voting capital stock of Epitope for or pursuant to the terms of any such employee benefit plan, or

(d) Any person or group solely because such person or group has voting power with respect to capital stock of Epitope arising from a revocable proxy or consent given in response to a public proxy or consent solicitation made pursuant to the Exchange Act.

14.2 "CHANGE IN CONTROL" shall mean:

(a) A change in control of Epitope of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A as in effect on the date of the Agreement pursuant to the Exchange Act; provided that, without limitation, such a change in control shall be deemed to have occurred at such time as any Acquiring Person hereafter becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 30 percent or more of the combined voting power of Voting Securities; or

(b) During any period of 12 consecutive calendar months, individuals who at the beginning of such period constitute the board of directors cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election, by Epitope's shareholders of each new director was approved by a vote of at least a majority of the directors then still in office who were directors at the beginning of the period; or

(c) There shall be consummated (i) any consolidation or merger of Epitope in which Epitope is not the continuing or surviving corporation or pursuant to which Voting Securities would be converted into cash, securities, or

other property, other than a merger of Epitope in which the holders of Voting Securities immediately prior to the merger have the same, or substantially the same, proportionate ownership of common stock of the surviving corporation immediately after the merger, or (ii) any sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all, or substantially all, of the assets of Epitope; or

(d) Approval by the shareholders of Epitope of any plan or proposal for the liquidation or dissolution of Epitope.

14.3 "CHANGE IN CONTROL DATE" shall mean the first date following the date of the Agreement on which a Change in Control has occurred.

14.4 "COMMITTEE" shall mean the executive compensation committee of the board of directors of Epitope.

14.5 "COMMON STOCK" shall mean the Common Stock, no par value, of Epitope or any security of Epitope issued in substitution, exchange, or in lieu of such stock.

14.6 "DISABILITY" shall mean the condition of being "disabled" within the meaning of Section 422(c)(6) of the Internal Revenue Code.

14.7 "FAIR MARKET VALUE" shall mean, with respect to the Shares, on a particular day, the mean between the reported high and low sale prices, or, if there is no sale on such day, the mean between the reported bid and asked prices, of Shares of the applicable class on that day, or, if that day is not a trading day, the last prior trading day, on the securities exchange or authorized interdealer quotation system on which such Shares have been traded.

14.8 "OPTION" means the Nonqualified Stock Option granted to Participant evidenced by the Agreement.

14.9 "RETIREMENT" shall mean retirement from active employment with Epitope and its Subsidiaries at or after age 50, or such earlier retirement date as approved by the Committee.

14.10 "SHARE" shall mean a share of Common Stock.

14.11 "SUBSIDIARY" shall mean a subsidiary corporation of Epitope within the meaning of Section 425 of the Internal Revenue Code, namely any corporation in which Epitope directly or indirectly controls 50 percent or more of the total combined voting power of all classes of stock having voting power.

14.12 "VOTING SECURITIES" shall mean Epitope's issued and outstanding securities ordinarily having the right to vote at elections for Epitope's board of directors.

15. NOTICES.

Any notices regarding the Option shall be in writing and shall be effective when actually delivered personally or, if mailed, when deposited as registered or certified mail directed to the address maintained in Epitope's records or to such other address as a party may certify by notice to the other party.

16. GOVERNING LAW.

Except with respect to references to the Internal Revenue Code or federal securities laws, this Agreement shall be governed by and construed in accordance with the laws of the state of Oregon.

17. DETERMINATION BY COMMITTEE.

The Committee shall have authority to construe and interpret any provision of this Agreement. Decisions of the Committee as to the construction and interpretation of this Agreement will be final, conclusive, and binding on Epitope and Participant.

Epitope, Inc.

By:	/s/ Charles Bergeron	/s/ Robert D. Thompson
Title:	Chief Finanical Officer	Robert D. Thompson

Attachment: Exercise Form

ORASURE TECHNOLOGIES, INC.
MANAGEMENT INCENTIVE PLAN

ARTICLE I

OBJECTIVE OF THE PLAN

The purpose of this Management Incentive Plan ("Plan" or "MIP") is to reward executives of ORASURE TECHNOLOGIES, INC. (the "Company") for creating value for the Company by maximizing financial performance against stated objectives.

ARTICLE II

PLAN ADMINISTRATION

The Plan is administered by the Board's Compensation Committee (the "Committee") and all matters shall be decided on by general consensus as defined in the Committee's Charter.

The Plan is an annual program and is effective January 1, 2001 and will remain in effect until the Compensation Committee determines otherwise. A new Plan year will commence on the first business day of the fiscal year.

ARTICLE III

PARTICIPANTS

Generally all active managerial employees and above, currently meeting job requirements, shall be eligible to participate in the Plan. Participation is limited to those employees selected by the Compensation Committee to participate in the Plan during each fiscal year.

ARTICLE IV

PERFORMANCE OBJECTIVES

Prior to or at the beginning of each fiscal year, the Compensation Committee shall establish:

(i) performance objectives for the Company, any Subsidiary, or any business segment or unit of the Company, based upon such criteria as may be from time to time considered by the Compensation Committee, and

(ii) the award formula or matrix by which all bonuses under this Plan will be calculated and determined for Compensation Committee review and approval.

The maximum bonus that may be awarded under this Plan to any one participant shall be 200% of a participant's bonus target.

ARTICLE V

AWARD CALCULATIONS

Each Plan participant will be assigned a target award that will be awarded if the Company achieves its targeted performance goals. These target awards will be leveraged up when

Company performance exceeds expectations, or down if Company performance falls below expectations. Following are the target awards by position.

- CEO - 50%
- COO/CSO - 40%
- Senior Vice Presidents - 30%
- Vice Presidents - 20%
- Directors - 15%
- Managers - 5%

A bonus pool will be funded based on the Company's performance against pre-established SALES goals and EARNINGS PER SHARE (EPS) goals (see Table A). For example, per the approved budget, in 2001 if Sales are $43 Million and the EPS is $0.10 per share, then 100% of the incentive pool will be funded. The pool is determined by aggregating targeted awards for all participants. Awards will be interpolated for performance results that fall between numbers on the Corporate Award Performance Matrix.

TABLE A
Corporate Award Performance Matrix

		EPS			
		$.075	$.010	$.125	$.15
SALES	$51.6	125%	150%	175%	200%
	$47.3	100%	125%	150%	175%
	$43.0	75%	100%	125%	150%
	$38.7	50%	75%	100%	125%

After the Corporate Award pool is determined, managers will then have the opportunity to recommend adjustments to the CEO for each participant's Corporate Award for Individual performance. Awards for the CEO, COO, CSO, and CFO will be based 75% on reaching corporate revenue objectives and 25% on non-financial objectives/measures. Awards for all other officers will be based 50% on reaching corporate objectives and 50% based on non-financial objectives. All other individual performance will be based on a participant's performance rating under the Company's performance evaluation program. Awards may be adjusted up or down up to 50% based on Individual performance. However any adjustment must ultimately result in a zero sum.

ARTICLE VI

ADMINISTRATIVE MATTERS

As soon as practicable after each Plan year, the Compensation Committee shall determine whether the Company, any Subsidiary, or any business segment or unit of the Company attained their pre-established performance objectives. Assuming such performance objectives are attained, the Compensation Committee shall determine, in its sole and exclusive discretion, whether any bonuses shall be awarded for such Plan year. Such bonuses shall be awarded as soon as practicable thereafter and the Plan participants who are entitled to receive such bonuses shall be promptly notified of the award thereof.

In the event that a Plan participant transfers in to a position that is designated as eligible for Plan participation, then any earned bonus in the Plan year will be prorated as of the month in which the

transfer occurred. If a Plan participant transfers into a position that is designated not eligible for Plan participation, the employee will forfeit any participation in the plan.

In the event of death, permanent disability, retirement or involuntary termination without cause, unpaid bonuses will be calculated on a pro-rated basis by taking the number of full months, including the month in which the terminating event occurred, and dividing those months by twelve.

In the event of voluntary termination or involuntary termination for cause, the Plan participant will forfeit any unpaid bonus earned under this Plan.

A Plan participant not employed by the Company or a Subsidiary on the last day of the Plan year will forfeit his or her earned but unpaid bonus unless otherwise determined by the Compensation Committee.

ARTICLE VII

NO ENTITLEMENT TO BONUS

Plan participants are entitled to a distribution under this Plan only upon the approval of the award by the Compensation Committee and no Participant shall be entitled to a bonus under the Plan unless the bonus is based on the attainment of performance objectives defined under the Plan.

ARTICLE VIII

TERMINATION OF PLAN

The Compensation Committee reserves the right to amend or terminate the Plan at any time within thirty days written notice to Plan participants. In the event of a Plan termination, Plan participants will continue to be eligible for bonus awards, if earned, for the current Plan year. Bonus awards will be calculated from the date of the Plan termination and payable as soon as practicable after the end of the Plan year.

ARTICLE IX

PARTICIPANT'S RIGHT OF ASSIGNABILITY

Participant awards shall not be subject to assignment, pledge or other disposition, nor shall such amounts be subject to garnishment, attachment, transfer by operation of law, or any legal process.

Nothing contained in this Plan shall confer upon employees any right to continued employment, nor interfere with the right of the Company to terminate a participant's employment from the Company. Participation in the Plan does not confer rights to participation in other Company programs, including annual or long-term incentive plans, non-qualified retirement or deferred compensation plans or other executive perquisite programs.

Portions of this exhibit were omitted and filed separately with the Secretary of the Commission pursuant to an application for confidential treatment filed with the Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934. Such portions are marked by a series of asterisks.

THIRD AMENDMENT TO RESEARCH AND LICENSE AGREEMENT

THIS THIRD AMENDMENT TO RESEARCH AND LICENSE AGREEMENT (this "Third Amendment") is made this 30th day of August 2000, by and among SRI International, a California nonprofit public benefit corporation with a place of business located at 333 Ravenswood Avenue, Menlo Park, California 94025-3493 ("SRI"), Sarnoff Corporation, a Delaware corporation wholly-owned subsidiary by SRI with a place of business located at 201 Washington Road, Princeton, New Jersey 08540 ("Sarnoff"), and STC Technologies, Inc., a Delaware corporation with a place of business located at 150 Webster Street, Bethlehem, Pennsylvania 18015 ("STC").

BACKGROUND

SRI, Sarnoff and STC entered into that certain Research and License Agreement dated April 26, 1995 (the "Original Agreement"), as amended by that certain First Amendment to Research and License Agreement dated September 1, 1995 (the "First Amendment") and that certain Second Amendment to Research and License Agreement dated June 6, 1999 (the "Second Amendment"). SRI, Sarnoff and STC desire to amend the Agreement a third time as set forth in this Third Amendment.

NOW, THEREFORE, SRI, Sarnoff and STC, each intending to be legally bound hereby, covenant and agree as follows:

1. DEFINITIONS.

1.1 Capitalized terms not otherwise defined in this Third Amendment shall have the meanings given to them in the Original Agreement.

1.2 "Commercial Sales of Labels" means the sale of Labels for use or consumption by the general public; provided, however, that sales of Labels for research, development, investigation, clinical trials and/or evaluation shall not be deemed sales for use or consumption by the general public, unless the price for such Labels is in excess of cost (determined in a manner identical to the Cost of Product) plus twenty percent (20%).

1.3 "Lateral Flow Commercialization Agreement" means the agreement (or, if more than one agreement, the combination of agreements) between STC and a Third Party regarding commercialization of the Licensed Know-How and SRI Patents (including, without limitation, option agreements, research agreements, development agreements, sublicense agreements and supply agreements) in a lateral flow application. By way of example, the combination of agreements between STC and Drager Sicherheitstechnik GmbH and between STC and Meridian Diagnostics regarding the the Licensed Know-How and SRI Patents are each Lateral Flow Commercialization Agreements.

1.4 "Lateral Flow Commercialization Agreement Proceeds" means the proceeds received by STC under Lateral Flow Commercialization Agreements in the period beginning

January 1, 2000 and ending on the expiration of the Original Agreement, including, without limitation, options fees, research and development fees, sublicense fees, royalties and commissions but specifically excluding proceeds from sales of Products by STC and its Affiliates to Third Parties.

1.5 "Net Sales of Labels" means the proceeds received by STC from the Commercial Sales of Labels to independent customers who are not Affiliates, less (a) credits, allowances, discounts and rebates to, and chargebacks from the account of, such independent customers for spoiled, damaged, out-dated, rejected or returned Labels; (b) actual freight and insurance costs incurred in transporting such Labels in final form to such customers; (c) cash, quantity and trade discounts; and (d) sales, use, value-added and other taxes or governmental charges incurred in connection with the exportation or importation of such Labels in final form.

1.6 "Other Commercialization Agreement" means the agreement (or, if more than one agreement, the combination of agreements) between STC and a Third Party regarding the commercialization of the Licensed Know-How and SRI Patents (including, without limitation, option agreements, research agreements, development agreements, sublicense agreements and supply agreements), which agreement is not a Sublicense Agreement or a Lateral Flow Commercialization Agreement.

1.7 "Other Commercialization Agreement Proceeds" means the proceeds received by STC under Other Commercialization Agreements including, without limitation, royalties, marketing fees, license fees, commission fees, sublicense fees and option fees but specifically excluding: (a) proceeds from sales of Products by STC and its Affiliates to Third Parties; and (b) proceeds received by STC under Other Commercialization Agreements in respect of research and development activities.

1.8 "Sublicense Agreement" means the agreement (or, if more than one agreement, the combination of agreements) between STC and a Third Party: (a) in which STC grants such Third Party the right to make, use or sell Products under

the the Licensed Know-How and SRI Patents within a particular market in the Field in the Territory; (b) under which STC (or SRI, by subcontract from STC) may perform research and development services for such Third Party; (c) under which STC does not make Commercial Sales of Products to such Third Party; and (d) under which STC may sell Labels to such Third Party.

2. AMENDMENTS TO THE ORIGINAL AGREEMENT.

2.1 Article 6 of the Original Agreement is hereby deleted in its entirety and replaced with the following provisions:

"6.1 License and Maintenance Fees. During the term hereof, STC shall also pay to SRI an annual maintenance fee of ********** no later than January 5 of each calendar year. Such license and maintenance fees are non-refundable and non-creditable against future

royalties. SRI hereby acknowledges that STC has already paid the annual maintenance fee for the 2000 calendar year."

"6.2 Royalties.

6.2.1 Royalties on Commercial Sales of Products. As additional consideration for the license granted to STC to the Licensed Know-How and the SRI Patents in connection with the manufacture, use and sale of Products, during the Royalty Term, STC shall pay to SRI royalties equal to ********** of Net Sales of Products by STC and its Affiliates, including all Commercial Sales of Products to Third Parties under Lateral Flow Commercialization Agreements and Other Commercialization Agreements."

"6.2.2 Sublicense Agreements. As additional consideration for the license granted to STC to the Licensed Know-How and the SRI Patents in connection with the granting of Sublicense Agreements, during the Royalty Term, STC shall pay SRI: (a) ********* of all proceeds received by STC in respect of research and/or development services actually performed by STC under Sublicense Agreements; (b) ********** of Net Sales of Labels; and (c) ********** of all other proceeds received by STC under Sublicense Agreements, but excluding amounts in respect of sales of Labels, which sales are not Commercial Sales of Labels."

"6.2.3 Lateral Flow Commercialization Agreement Proceeds. As additional consideration for the license granted to STC to the Licensed Know-How and the SRI Patents in connection with the manufacture, use and sale of Products, during the Royalty Term, STC shall pay royalties to SRI in an amount equal to ********** of Lateral Flow Commercialization Agreement Proceeds."

"6.2.4 Other Commercialization Agreements. As additional consideration for the license granted to STC to the Licensed Know-How and the SRI Patents in connection with the manufacture, use and sale of Products, during the Royalty Term, STC shall pay royalties to SRI in an amount equal to: (a) ********** of Other Commercialization Agreement Proceeds; plus (b) ********** of all proceeds received by STC in respect of research and/or development services actually performed by STC under under Other Commercialization Agreements .

"6.2.5. Credits. STC may credit amounts due to SRI under Section 6.2 against the minimum annual royalty set forth in Section 6.4 until such time as all credits taken pursuant to Section 6.2 for the calendar year equal the applicable minimum annual royalty set forth in Section 6.4."

"6.3 Royalties on Instrument Products. INTENTIONALLY DELETED."

"6.4 Minimum Annual Royalty. During the Royalty Term, STC shall pay SRI minimum annual royalties of ********* for calendar year 2000 and ********** no later than January 5 of each calendar year thereafter."

"6.5 Sublicense Fee. INTENTIONALLY DELETED."

"6.6 Third Party Royalties. With respect to any Product sold in any country by STC, its Affiliates or sublicensees, if STC is required to pay royalties to any Third Party in order to exercise its rights hereunder to practice any process or method, or to make, use or sell any composition, which is the subject of a Blocking Patent in such country, then STC shall have the rights to withhold and/or reduce royalty payments (including royalty payments in respect of Lateral Flow Commercialization Agreements, Other Commercialization Agreements, and Sublicense Agreements), in accordance with the terms set forth in Article 10 hereof.

"6.7 Reagent Rental Royalties. INTENTIONALLY DELETED."

2.2 Section 7.1 of the Original Agreement is hereby amended as follows:

2.2.1 the phrase "following the First Commercial Sale of a Product" in the first sentence is hereby deleted; and

2.2.2 subsections (f) and (g) of the first sentence are hereby deleted in their entirety and replaced with the following provisions:

"(f) the aggregate amount of proceeds received by STC in respect of Sublicense Agreements during the reporting period and a calculation of the royalties payable to SRI in respect of Sublicense Agreements, as set forth in Section 6.2.2; (g) the aggregate amount of Lateral Flow Commercialization Agreement Proceeds received by STC during the reporting period and a calculation of the royalties payable to SRI in respect of Lateral Flow Commercialization Agreement Proceeds, as set forth in Section 6.2.3; (h) the aggregate amount of Other Commercialization Agreement Proceeds and research and development fees in respect of Other Commercialization Agreements received by STC during the reporting period and a calculation of the royalties payable to SRI in respect of such amounts, as set forth in Section 6.2.4; and (i) the aggregate royalties payable on Net Sales of Product and Net Sales of Labels for such reporting period, the aggregate royalties in respect of Sublicense Agreements payable for such reporting period, the aggregate royalties in respect of Lateral Flow Commercialization Agreement Proceeds payable for such reporting period, the aggregate royalties in respect of Other Commercialization Agreement Proceeds payable for such reporting period and the calculation of royalties, net of credits, payable to SRI for such reporting period."

2.3 Subsection (a) of Section 10.1.5 of the Original Agreement is hereby deleted in its entirety and replaced with the following provision:

"(a) The royalty rate for Products sold in such country shall be reduced by the rate of the royalty bearing license agreement with such Third Party, but shall not be less than **********; or"

2.4 Sections 12.2, 12.3.1, 12.3.2, 12.3.3 and 12.3.4 of the Original Agreement are hereby deleted in their entirety and replaced with the following provisions:

"12.2 Invention Responsibilities. Subject to the provisions of this Article 12, STC shall be responsible for and shall control the preparation, filing, prosecution and maintenance of patent applications and patents regarding Inventions. SRI, Sarnoff and STC each shall cooperate with the other parties and shall execute all lawful papers and instruments and make all rightful oaths and declarations as may be necessary in the preparation, filing, prosecution and maintenance of all patent applications and patents as referred to in this section."

"12.3 License Patents.

12.3.1 Prosecution of SRI Patents. STC shall exert its reasonable commercial efforts to file and prosecute patent applications included in the SRI Patents in the********** and such other countries as STC and SRI shall mutually agree, and to maintain any resulting patents during the term of this Agreement. At STC's discretion, such foreign filing may be initiated through the Patent Cooperation Treaty designating such countries. STC shall provide SRI with copies of each such patent application as filed, together with notice of its filing date and serial number, and copies of all office actions and responses thereto. In addition, prior to taking any actions upon or after the Effective Date, STC will consulting with SRI and its patent counsel in respect of patent strategy and other matters in connection with the prosecution and maintenance of the SRI Patents. STC shall amend or modify any patent application or other filing, as reasonably requested by SRI. Upon and after the issuance of patents included within the SRI Patents and until the termination of this Agreement, STC shall be obligated to maintain such patents in full force and effect.

12.3.2 Prosecution of Phosphor Patents. STC shall exert its reasonable commercial efforts to file and prosecute patent applications included in the Phosphor Patent in the********** and such other countries as STC and Sarnoff shall mutually agree, and to maintain any resulting patents during the term of this Agreement. At STC's discretion, such foreign filing may be initiated through the Patent Cooperation Treaty designated such countries. STC shall provide Sarnoff with copies of each such patent application as filed, together with notice of its filing date and serial number, and copies of all office actions and responses thereto. In addition, prior to taking any actions upon or after the Effective Date, STC will consulting with Sarnoff and its patent counsel in respect of patent strategy and other matters in connection with the prosecution and maintenance of the Phosphor

Patent. STC shall amend or modify any patent application or other filing, as reasonably requested by Sarnoff. Upon and after the issuance of patents included within the Phosphor Patent and until the termination of this Agreement, STC shall be obligated to maintain such patents in full force and effect.

12.3.3 Prosecution and Maintenance Expenses; Reporting. STC shall bear all fees, costs and expenses incurred in prosecuting and maintaining the patents and patent applications included within the Licensed Patents that are issued or filed as of August 30, 2000. In addition, STC shall bear all fees, costs and expenses incurred in connection with performing its maintenance obligations under Section 12.2. In addition, STC shall bear all fees, costs and expenses incurred in connection with performing its preparation, filing and prosecution obligations under Section 12.2, except that with respect to SRI Inventions and Sarnoff Inventions, STC's obligations to bear all fees, costs and expenses shall be capped at ********** per calendar year (including calendar year 2000). If the fees, costs and expenses incurred in connection with the preparation, filing and prosecution of the SRI Inventions and Sarnoff Inventions exceed ********** in any calendar year, then SRI shall reimburse STC for all such excess fees, costs and expenses. SRI shall pay STC such reimbursements no later than thirty (30) days following the presentment of accurate and complete invoices and other supporting documentation as SRI reasonably requests (which presentment shall occur on a calendar quarterly basis). Such invoices and other supporting documentation shall include a report detailing STC's filing, prosecution and maintenance activities with respect to the Licensed Patents during the most recently completed calendar quarter.

12.3.4 Prosecution by SRI or Sarnoff. If STC should decide against or fail to file, prosecute or maintain a patent application or patent as required by Sections 12.2, 12.3.1. or 12.3.2, STC will notify SRI or Sarnoff, as applicable, in a timely manner. SRI, in the case of the SRI Patents, and Sarnoff, in the case of the Phosphor Patent, shall have the right, at their expense, to file, prosecute and/or maintain such application or patent in any such country. In any such case, STC shall, if requested, assist and cause its employees to assist SRI and Sarnoff in every reasonable way (with out of pocket expenses to be reimbursed by SRI and Sarnoff), including the execution of documents, to enable SRI and Sarnoff to take such action. In the event that SRI or Sarnoff desires to assign a particular patent application or patent in any country to STC and STC agrees to accept such assignment, STC agrees to grant to SRI and Sarnoff, in fields of use other than the Field, an exclusive license in the particular patent application or patent in that country, with right to sublicense. Each party agrees, upon request, to inform the other parties of the status of any application of patent in which such other parties has rights as provided in this Agreement."

2.5 Section 13.1 of the Original Agreement is hereby amended by replacing the phrase "Sections 6.2 and 6.3" with the phrase "Section 6.2".

3. EXPENSE REIMBURSEMENT. STC shall pay SRI ********** no later than thirty (30) days following the date of this Third Amendment. SRI represents and

acknowledges that such payment represents complete reimbursement of all patent filing, prosecution and maintenance fees due through July 31, 2000.

4. BUSINESS DEVELOPMENT MARKET OPPORTUNITIES. Notwithstanding anything to the contrary in the Original Agreement and without limiting SRI's and Sarnoff's right to pursue opportunities in the Field that do not involve use of the SRI Know-How or practice of the SRI Patents, following the execution of this Third Amendment SRI or Sarnoff may, from time to time, notify STC in writing of specific opportunities to perform research services with respect to the SRI Know-How and SRI Patents solely in the markets in the Field marked as applicable on Schedule 1 attached to to this Third Amendment (each, a "Business Development Market Opportunity"). Each such notice shall list in reasonable detail the specifics of the Business Development Market Opportunity including the identity of the prospective customer or sublicensee. If STC, in its sole discretion, decides not to pursue a particular Business Development Market Opportunity, STC shall have no obligation to license SRI or Sarnoff under the SRI Know-How or SRI Patents in the Field with respect to such Business Development Market Opportunity. If STC, in its discretion, decides to pursue a particular Business Development Market Opportunity, STC shall subcontract to SRI or Sarnoff any research services that STC is required to perform in respect of such Business Development Market Opportunity under STC's standard terms and conditions for subcontracted services and at SRI's or Sarnoff's standard commercial rates for time and materials in perfoming the services; provided that STC shall have no obligation to subcontract such research services to SRI or Sarnoff if: (a) STC was already aware of such Business Development Market Opportunity (as determined in good faith by STC); (b) SRI or Sarnoff is not qualified to perform such research services (as determined in good faith by STC); or (c) STC decides to perform such research services itself. As payment for the satisfactory performance of subcontracted research services in respect of a particular Business Development Market Opportunity, STC shall pay SRI or Sarnoff one hundred percent (100%) of the proceeds actually received by STC with respect to those portions of the research services subcontracted to SRI or Sarnoff in respect of such Business Development Market Opportunity less a deduction of ********** to compensate STC for its administrative expenses in respect of such Business Development Market Opportunity. The markets marked as applicable on the date of this Third Amendment shall be applicable for calendar year 2000 only. In January of each of calendar year thereafter, SRI, Sarnoff and STC shall mutually agree in writing as to the markets in which SRI and Sarnoff may pursue Business Development Market Opportunities during such calendar year which markets shall not include any of the markets which STC has determined to pursue itself (unless STC in its sole discretion agrees otherwise). Regardless of whether STC subcontracts research services to SRI or Sarnoff in respect of a Business Development Market Opportunity, this Section 4 shall not be construed as granting STC a license to any of SRI's intellectual property to which STC does not have rights under the Original Agreement. Any such license shall be negotiated by STC and SRI on a case-by-case basis.

5. REFERENCE TO AND EFFECT ON THE AGREEMENT.

5.1 On and after the date of this Third Amendment, each reference in the Original Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of like import, and each reference in the other documents entered into in connection with the Original Agreement, shall mean and be a reference to the Original Agreement, as amended by the First Amendment, the Second Amendment and this Third Amendment.

5.2 Except as specifically amended above, the Original Agreement (as amended by the First Amendment and the Second Amendment) shall remain in full force and effect and is hereby ratified and confirmed.

5.3 The Original Agreement, as modified by the First Amendment, the Second Amendment and this Third Amendment, constitutes the entire understanding among the parties with respect to the subject matter thereof, and supersedes any prior understanding and/or written or oral agreements between them.

6. EXECUTION IN COUNTERPARTS.

This Third Amendment may be executed in any number of counterparts and by the different parties to this Third Amendment in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same instrument.

7. GOVERNING LAW.

This Third Amendment shall be governed by and construed in accordance with the laws of the State of California, without regard to the conflicts of law principles of any jurisdiction.

8. HEADINGS.

Section headings in this Third Amendment are included for convenience of reference only and shall not constitute a part of this Third Amendment for any other purpose.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, SRI, Sarnoff and STC have caused their duly authorized representatives to execute this Third Amendment to Research and License Agreement on the date first above written.

SRI INTERNATIONAL

By:/s/ Harold E. Kruth

Name: Harold E. Kruth

Title: Senior Vice President
Ventures and Licensing

SARNOFF CORPORATION

By:/s/ William J. Burke

Name: William J. Burke

Title: Vice President Patents and Licensing

STC TECHNOLOGIES, INC.

By: /s/ Michael J. Gausling

Michael J. Gausling, President

SCHEDULE 1

MARKETS FOR BUSINESS DEVELOPMENT OPPORTUNITIES
FOR CALENDAR YEAR 2000

APPLICATION MARKETS	APPLICABLE	NOT APPLICABLE
**********	*****	
**********		
**********		
**********		
**********		
**********	*****	
**********	*****	
**********	*****	

PLATFORM MARKETS	APPLICABLE	NOT APPLICABLE
**********	*****	
**********	*****	
**********	*****	
**********	*****	
**********	*****	
**********	*****	
**********	*****	

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Forms S-8 (Numbers 33-50340 and 333-48662) of OraSure Technologies, Inc. of our report dated January 15, 2001, relating to the financial statements appearing in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

Portland, Oregon
March 30, 2001

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report included in this Form 10-K, into the Company's previously filed Registration Statements File Nos. 33-50340 and 333-48662.

/s/ ARTHUR ANDERSEN LLP

Philadelphia, Pennsylvania
March 30, 2001

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Robert D. Thompson, Richard D. Hooper, and Jack E. Jerrett, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for the undersigned and in the undersigned's name, place, and stead, in any and all capacities, to sign the Annual Report on Form 10-K of OraSure Technologies, Inc., for its fiscal year ended December 31, 2000, and any and all amendments to the report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or each of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney has been signed by the undersigned effective as of February 1, 2000.

/s/ Michael G. Bolton

Signature

Michael G. Bolton

Print Name

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Robert D. Thompson, Richard D. Hooper, and Jack E. Jerrett, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for the undersigned and in the undersigned's name, place, and stead, in any and all capacities, to sign the Annual Report on Form 10-K of OraSure Technologies, Inc., for its fiscal year ended December 31, 2000, and any and all amendments to the report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or each of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney has been signed by the undersigned effective as of February 1, 2000.

/s/ William W. Crouse

Signature

William W. Crouse

Print Name

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Robert D. Thompson, Richard D. Hooper, and Jack E. Jerrett, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for the undersigned and in the undersigned's name, place, and stead, in any and all capacities, to sign the Annual Report on Form 10-K of OraSure Technologies, Inc., for its fiscal year ended December 31, 2000, and any and all amendments to the report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or each of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney has been signed by the undersigned effective as of February 1, 2000.

/s/ Michael J. Gausling

Signature

Michael J. Gausling

Print Name

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Robert D. Thompson, Richard D. Hooper, and Jack E. Jerrett, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for the undersigned and in the undersigned's name, place, and stead, in any and all capacities, to sign the Annual Report on Form 10-K of OraSure Technologies, Inc., for its fiscal year ended December 31, 2000, and any and all amendments to the report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or each of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney has been signed by the undersigned effective as of February 1, 2000.

/s/ Frank G. Hausmann Jr.

Signature

Frank G. Hausmann Jr.

Print Name

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Robert D. Thompson, Richard D. Hooper, and Jack E. Jerrett, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for the undersigned and in the undersigned's name, place, and stead, in any and all capacities, to sign the Annual Report on Form 10-K of OraSure Technologies, Inc., for its fiscal year ended December 31, 2000, and any and all amendments to the report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or each of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney has been signed by the undersigned effective as of February 1, 2000.

/s/ Roger L. Pringle

Signature

Roger L. Pringle

Print Name

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each person whose signature appears below constitutes and appoints Robert D. Thompson, Richard D. Hooper, and Jack E. Jerrett, and each of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution for the undersigned and in the undersigned's name, place, and stead, in any and all capacities, to sign the Annual Report on Form 10-K of OraSure Technologies, Inc., for its fiscal year ended December 31, 2000, and any and all amendments to the report and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or each of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, this Power of Attorney has been signed by the undersigned effective as of February 1, 2000.

/s/ Robert D. Thompson

Signature

Robert D. Thompson

Print Name