BOSTON BIOMEDICA INC
Form PRER14A
July 20, 2004

Use these links to rapidly review the document
TABLE OF CONTENTS

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. 2)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary proxy statement

o **Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))**

o Definitive proxy statement

o Definitive additional materials

o Soliciting material under Rule 14a-12

BOSTON BIOMEDICA, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (check the appropriate box):

o No fee required.

ý Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:
Not Applicable

2) Aggregate number of securities to which transaction applies:
Not Applicable

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The fee is calculated based multiplying $.0001267 by the purchase price to be received by the registrant.

4) Proposed maximum aggregate value of transaction:
$30,000,000

5) Total fee paid:
$3,801 (paid on May 11, 2004)

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

BOSTON BIOMEDICA, INC.
375 West Street
West Bridgewater, Massachusetts 02379

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD AUGUST 31, 2004

You are hereby given notice of and invited to attend in person or by proxy a special meeting of stockholders of Boston Biomedica, Inc. (the "Company") to be held at 375 West Street, West Bridgewater, Massachusetts 02379 on August 31, 2004, at 4:00 p.m., local time, for the following purposes:

1. To consider and act upon a proposal to sell the assets of the Company's BBI Diagnostics and BBI Biotech business units, which assets constitute substantially all of the assets of the Company, to SeraCare Life Sciences, Inc. ("SeraCare") for cash pursuant to the terms and conditions of that certain Asset Purchase Agreement dated April 16, 2004 between the Company, BBI Biotech Research Laboratories, Inc. and SeraCare.

2. To consider and act upon a proposal to amend the Company's Restated Articles of Organization, as amended, to change the corporate name of the Company to "Pressure BioSciences, Inc." promptly following the completion of the sale to SeraCare.

3. To consider and act upon a proposal to grant the persons named as proxies discretionary authority to vote to adjourn the special meeting, if necessary, to solicit additional proxies to vote in favor of Proposal Nos. 1 and 2.

4. To transact such other business as may properly come before the special meeting and any adjournment thereof.

The board of directors has fixed the close of business on July 26, 2004, as the record date (the "Record Date") for the determination of stockholders entitled to notice of and to vote at the special meeting and any adjournments thereof. Only stockholders at the close of business on the Record Date are entitled to notice of and to vote at the special meeting.

For the reasons set forth in the proxy statement, our board of directors unanimously recommends that you vote "FOR" Proposal Nos. 1, 2 and 3.

Because the transactions contemplated by Proposal No. 1 involve the sale of substantially all of our assets, we have concluded that stockholders are entitled to assert appraisal rights under Chapter 156D, the Massachusetts Business Corporation Act, of the Massachusetts General Laws, provided that the stockholder strictly complies with the procedures in Chapter 156D, as described further in the accompanying proxy statement.

You are cordially invited to attend the special meeting. However, whether or not you expect to attend the special meeting, it is very important for your shares to be represented at the meeting. We respectfully request that you promptly date, execute and mail the enclosed proxy in the enclosed stamped envelope for which no additional postage is required if mailed in the United States. A proxy may be revoked by a stockholder by notifying the Clerk of the Company in writing at any time before the vote at the special meeting, by executing and delivering a subsequent dated proxy and delivering it to the Company before the vote at the special meeting, or by personally appearing at the special meeting and casting your vote, each as specified in the enclosed proxy statement. **YOUR VOTE IS IMPORTANT. PLEASE PROMPTLY EXECUTE AND RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED.**

By Order of the Board of Directors:

Kathleen W. Benjamin, Clerk

Dated : August , 2004

West Bridgewater, Massachusetts

TABLE OF CONTENTS

SUMMARY TERM SHEET

This summary highlights the material terms of the proposed sale of assets of our BBI Diagnostics and BBI Biotech business units to SeraCare Life Sciences. This summary highlights selected information in this proxy statement and may not contain all of the information that may be important to you when evaluating the proposed transaction. To understand the proposed transaction fully and for a more complete description of the terms of the transaction, you should carefully read this proxy statement and the asset purchase agreement between us and SeraCare, a copy of which is attached to this proxy statement as Appendix A. We have included page references in this summary to direct you to a more complete discussion in the proxy statement.

Parties to the Transaction. The parties to the proposed transaction are Boston Biomedica, Inc. and BBI Biotech Research Laboratories, Inc., as seller, and SeraCare Life Sciences, Inc., as buyer. See "Proposal No. 1 Sale of Our BBI Core Businesses The Companies" beginning on page 19.

The Companies.

We are engaged in the business of providing products and services to help ensure the accuracy of laboratory test results for infectious diseases such as AIDS and viral hepatitis. Our core operations, which consist of our BBI Diagnostics and BBI Biotech business units, have generated revenue of approximately $21.8 million, $21.8 million and $20.7 million and net income of approximately $1.4 million, $1.2 million and $1.5 million for fiscal 2003, 2002 and 2001, respectively. These two business units are collectively referred to herein as the "BBI Core Businesses". Our BBI Diagnostics business unit develops, manufactures, markets and sells quality control products used to monitor and measure the performance of infectious disease test kits. Our BBI Biotech business unit, which is operated through BBI Biotech Research Laboratories, one of our wholly owned subsidiaries, performs research and development support for quality control products and specialty reagents, molecular and cellular biology services, blood and tissue processing, repository services, clinical trials for domestic and foreign test kits and device manufacturers, and contract research for the National Institutes of Health (NIH).

Our remaining operations currently consist of our Pressure Cycling Technology (sometimes referred to as "PCT" or "BBI Bioseq") business unit. Our PCT business unit generated revenue of approximately $674,000, $717,000 and $392,000 and net losses of $1.6 million, $2.2 million and $1.5 million for fiscal 2003, 2002 and 2001, respectively. Our PCT business unit is pursuing research, development and commercialization of products using our pressure cycling technology. Our pressure cycling technology uses an instrument capable of cycling between low and high pressures to rapidly, reversibly and repeatedly control the interactions of biomolecules. Our Barocycler instrument releases nucleic acids and proteins from plant and animal tissues and cells, as well as from other organisms, that are not easily disrupted by standard physical and chemical methods.

SeraCare Life Sciences manufactures and sells human and animal-based diagnostic, therapeutic and research products. SeraCare's primary focus includes the development and sale of human and animal blood-based diagnostic, therapeutic and research products to domestic and international customers. SeraCare also provides antibody-based products, which are used as active ingredients in therapeutic products and in diagnostic products.

For a further description of the companies involved in the proposed transaction, please see "Proposal No. 1 Sale of Our BBI Core Businesses The Companies" beginning on page 19.

Assets to be Sold. In the proposed transaction, we have agreed to sell to SeraCare all of our right, title and interest in the business, properties, assets and rights that relate to our BBI Core Businesses, including the following:

- all accounts and notes receivable;
- contract rights;
- owned and leased real property;
- fixtures and equipment;
- inventory;
- intellectual property; and
- books and records.

See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Assets Sold" beginning on page 52.

Assets to be Retained. If the proposed transaction is completed, we will retain the following:

- all assets owned by us and BBI BioSeq, Inc. that do not relate to the BBI Core Businesses, which include all assets relating to our pressure cycling technology activities, and all assets owned by BBI Source Scientific;
- corporate assets not relating to the businesses being sold, such as the books and records of BBI Clinical Laboratories, Inc. and BBI not relating to the businesses being sold, and certain computers;
- our 4.45% passive stock ownership interest in Panacos Pharmaceuticals, Inc., including our records relating to our ownership interest;
- our 30% ownership interest in the newly formed limited liability company which recently purchased substantially all of the assets of our BBI Source Scientific business unit;
- intercompany receivables and payables;
- a $1.0 million loan receivable plus accrued interest from Richard T. Schumacher, our founder, Chief Executive Officer and a director; and
- all of our cash and cash equivalents.

See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Assets Retained" beginning on page 53.

Liabilities to be Assumed by SeraCare. As partial consideration for the purchase of the assets, SeraCare will assume certain liabilities related to the BBI Core Businesses, including the following:

all of our accounts payable, accrued compensation and vacation, accrued expenses and notes payable set forth on our balance sheet dated December 31, 2003 or incurred in the ordinary course of business after that date and through the closing;

our loan secured by a first mortgage on our owned real property located in West Bridgewater, Massachusetts;

all liabilities accruing, arising out of, or relating to events or occurrences after the closing date under contracts and leases assumed by SeraCare;

all tax liabilities arising from the operation of the BBI Core Businesses after the closing date; and

certain liabilities relating to our employees who are rehired by SeraCare.

See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Assumed Liabilities" beginning on page 53.

Purchase Price. SeraCare has agreed to purchase the assets of the BBI Core Businesses for a purchase price of $30 million in cash. The purchase price is subject to increase or decrease on a dollar-for-dollar basis if the net asset value (as defined in the asset purchase agreement) of the assets being sold as of the closing date is greater or less than $8.5 million. As of April 30, 2004, we estimated that the net asset value was approximately $9.0 million. At the closing, $2.5 million of the aggregate purchase price will be deposited into an escrow account to be held in escrow for a period of 18 months to secure payment of our indemnification obligations under the asset purchase agreement. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Purchase Price; Escrow and Post-Closing Adjustment" beginning on page 54.

Nature of Our Business Following the Sale of Assets. Following the closing of the proposed sale to SeraCare, we expect that our operations will focus primarily on our pressure cycling technology business. Our board of directors expects to continue to explore strategic opportunities with respect to our remaining business. These opportunities may include investing in and expanding our pressure cycling technology activities, developing strategic relationships to grow our pressure cycling technology business, acquiring, investing in, or developing new lines of business that may or may not relate to our pressure cycling technology business or divesting any remaining portions of the business. In furtherance of these opportunities, on June 2, 2004 we completed the sale of substantially all of the assets and selected liabilities of our BBI Source Scientific business unit to a newly formed limited liability company in which we retain a 30% ownership interest. In connection with the transaction, we received secured promissory notes in the principal amount of $900,000, which, together with accrued interest, are due on or before May 31, 2007. The aggregate principal amount of the notes may be reduced to $720,000 if the notes are paid in full by May 31, 2005 or $810,000 if the notes are paid in full by May 31, 2006. The notes are secured by pledges of the purchasers' ownership interests in the newly formed limited liability company. The new instrumentation company has agreed to provide engineering, manufacturing, and other related services for our pressure cycling technology products until September 30, 2005. Assuming we complete the sale of our BBI Core Businesses, our primary business operations will consist of our remaining pressure cycling technology business, and, in addition, we will continue to own our 30% ownership interest in the newly formed limited liability company that purchased our BBI Source Scientific assets, and our 4.45% passive ownership interest in Panacos Pharmaceuticals, Inc. See "Proposal No. 1 Sale of Our BBI Core Businesses Nature of Our Business Following the Sale to SeraCare" beginning on page 29.

Fairness Opinion Relating to the Sale of Assets. In deciding to approve the proposed sale to SeraCare, our board of directors considered the opinion of its financial advisor, William Blair & Company, LLC, that, as of April 16, 2004, based upon and subject to the various considerations set forth in its opinion, the aggregate payment of $30 million, as it may be adjusted as set forth in the asset purchase agreement, was fair, from a financial point of view, to our company. As described further under the heading "Opinion of Financial Advisor", under the terms of our engagement letter with William Blair, we have agreed to pay William Blair a fee of $450,000 contingent upon completion of the sale of assets to SeraCare. Mr. Richard P. Kiphart, an investor who beneficially owns or controls approximately 23% of the outstanding shares of our common stock as of April 30, 2004, is a Principal and Head of the Corporate Finance Department of William Blair. Mr. Kiphart did not assist William Blair in giving its fairness

opinion. The complete William Blair opinion, including applicable limitations and assumptions describing the basis for the opinion is attached as Appendix B to this proxy statement. See "Proposal No. 1 Sale of Our BBI Core Businesses Opinion of Financial Advisor" beginning on page 34.

Reasons for the Sale of Our Diagnostics and Biotech Business. Our board of directors believes the proposed sale of the BBI Core Businesses to SeraCare is in the best interests of our company and our stockholders. Our board of directors has identified, among others, the following reasons for engaging in the proposed transaction:

The judgment of our board of directors that we need to focus on either the BBI Core Businesses or our pressure cycling technology business due to, among other things, the limited availability of funds, resources and management time required to develop each of these businesses, both of which involve different markets, products and customers;

The limited valuation that we believe the capital markets attribute to our pressure cycling technology business when combined with our BBI Core Businesses;

The lack of significant interest of potential buyers for our pressure cycling technology business at satisfactory prices;

Our belief that the early stage of commercialization of our pressure cycling technology business makes it unlikely that a sales price could be obtained for this business that reflects our belief in the potential future prospects for this business.

The future growth of the BBI Core Businesses will require significant capital and will require us to incur substantial costs and resources to increase the revenues and profitability of the BBI Core Businesses;

Our belief that the market for our BBI Core Businesses is becoming increasingly competitive and that many of our competitors have substantially more resources than us;

Our evaluation of the positive and negative considerations of continuing our overall business as is currently operated, selling just our BBI Core Businesses as opposed to our whole company, and our ability to sell or spin-off our pressure cycling technology business, as further described below under the heading "Positive and Negative Considerations Relating to Business Strategy";

The opinion of William Blair as to the fairness, from a financial point of view, of the consideration to be received by us in the proposed sale to SeraCare;

The terms of the asset purchase agreement and the aggregate cash purchase price to be received from SeraCare for the purchased assets;

The opportunity to attract new investors that value our pressure cycling technology business, that we believe previously would not invest due to our principal focus on our BBI Core Businesses;

Our intention to use part of the proceeds from the sale of the BBI Core Businesses to SeraCare to commence an issuer tender offer to purchase up to an aggregate of 6,000,000 shares of our common stock in exchange for a cash payment currently expected to be $3.50 per share, which will provide stockholders with the opportunity to decide whether to tender and sell their stock or remain a stockholder and participate in our remaining pressure cycling technology activities. On April 15, 2004, the day before we announced the proposed transaction with SeraCare, the closing price of our common stock as quoted on the Nasdaq National Market was $2.65 per share. Although we expect to commence a tender offer shortly following the closing, you should be aware that it is possible that we

will not

commence the tender offer or the cash payment we expect to offer could be substantially less than we currently anticipate due to unanticipated events or circumstances beyond our control or unforeseen liabilities or contingencies;

The opportunity for existing investors who favor the BBI Core Businesses to be able to continue their investment in these businesses by investing in SeraCare, a publicly traded company; and

The ability to use our remaining cash on hand as of the closing (estimated to be approximately $1.0 million as of April 30, 2004), which is not being purchased by SeraCare, together with any remaining proceeds from the sale of the BBI Core Businesses after taxes, transaction costs and the completion of the contemplated tender offer, to pursue the further development of our pressure cycling technology product platform and our sales and marketing efforts.

See Proposal No. 1 Sale of Our BBI Core Businesses Reasons for the Sale of Our BBI Core Businesses to SeraCare" beginning on page 29.

Positive and Negative Considerations Relating to Business Strategy. In determining to sell our BBI Core Businesses, our board of directors considered a number of positive and negative factors with respect to our business strategies. These considerations included the following:

Continuing as is and continue to fund our research and development and sales and marketing requirements of our pressure cycling technology business unit from existing cash flow from our BBI Core Businesses. While our board of directors determined that this strategy would be viable in the short term, our board believes that we are unlikely to be a sustainable business without securing significant additional funding. Furthermore, our board concluded that our BBI Core Businesses would suffer rather than grow and improve if funds generated by these businesses were not reinvested. Our board expects that the BBI Core Businesses will require additional capital in order to grow and improve, which may be difficult in an increasingly competitive market while continuing to fund our pressure cycling technology operations. Our board also believes that our pressure cycling technology operations are not valued appropriately by the capital markets because these operations are combined with our BBI Core Businesses, and, therefore our stockholders have been unable to realize the value of our pressure cycling technology operations from the trading price of our common stock.

Sell or spin-off our pressure cycling technology operations and refocus our efforts on our BBI Core Businesses. Our board of directors believes that this strategy does not allow the company or our stockholders to obtain the true value of our pressure cycling technology business. The board believes that because our pressure cycling technology business needs further development and has had very limited sales to date, we are unlikely to sell that business for a price that the board deemed to be fair to stockholders in light of the substantial investment made by our company in this technology. This belief is substantiated by the fact that the parties who expressed interest in engaging in a transaction with us, including SeraCare, have not been interested in acquiring our pressure cycling technology operations for any significant additional consideration. In addition, we have not received any significant interest from third parties in acquiring our pressure cycling technology in the context of William Blair's solicitation of interested parties in our BBI Core Businesses. The board also believes that it is not in our best interests to spin-off our PCT business unit because it would be difficult to fund that business following the spin-off and there would be significant costs associated with such a spin-off.

Secure a strategic partner to share the cost of operating and funding our pressure cycling technology business unit in exchange for some rights to our pressure cycling technology. The purpose of this approach would be to fund pressure cycling technology research and development and sales and marketing costs until we achieve positive cash flow and profitability. However, our board of directors believes that our pressure cycling technology is still relatively early in the commercialization process and, therefore, we are unlikely to secure such a strategic partner or we would need to give up disproportionately greater value to obtain funding from a strategic partner now, rather than in later stages of development when we might have additional products and commercial sales. Our board of directors believes that the longer we retain control over our pressure cycling technology product platform, the more valuable our pressure cycling technology products will become to potential partners, licensees and/or acquirers. Therefore our board of directors believes that our stockholders will have an opportunity to benefit from the potential improved valuation if we continue to pursue our pressure cycling technology independently.

Sell the BBI Core Businesses and become focused solely on further developing and commercializing our pressure cycling technology products. Our board of directors believes this approach positions us in what we believe to be some of the most promising prospects for our company due to the size of the molecular biology consumables market which our pressure cycling technology

products can potentially serve as compared to the overall market for *in vitro* diagnostics quality control products which our BBI Core Businesses serve. This approach also provides us with the opportunity to use a majority of the proceeds from the sale of assets to engage in an issuer tender offer following the closing which will provide our stockholders with the opportunity to tender their shares of our common stock for $3.50 per share and sell their shares of our common stock in an otherwise relatively illiquid stock. It also gives our stockholders the opportunity to continue their investment in our remaining pressure cycling technology activities by choosing not to tender their shares of our common stock in our issuer tender offer. Furthermore, it also allows investors who prefer an intermediate approach to tender some of their shares of common stock for cash, and to keep their remaining shares as an investment in our pressure cycling technology activities. This approach also provides us with the ability to use our remaining cash on hand as of the closing (estimated to be approximately $1.0 million as of April 30, 2004), which is not being purchased by SeraCare, together with any remaining proceeds from the sale of the BBI Core Businesses after taxes, transaction costs and the completion of the contemplated tender offer, to pursue the further development of our pressure cycling technology product platform and our sales and marketing efforts.

For a more detailed description of these alternatives see "Proposal No. 1 Sale of Our BBI Core Businesses; Reasons for the Sale of our BBI Core Businesses to SeraCare Strategic Alternatives" beginning on page 30.

Potential Drawbacks of the Sale to SeraCare. In deciding how to vote on the proposal to sell our BBI Core Businesses to SeraCare, you should consider the following potential drawbacks if the sale is completed:

we will become less diversified, and our business will become dependent on the success of our pressure cycling technology products and services, which has a limited operating history, has incurred losses and has generated a limited amount of revenues to date;

we will be selling our only significant revenue generating assets and the business units that we will retain have historically generated losses and are not as advanced as our BBI Core Businesses;

the sales cycle of our pressure cycling technology products has been lengthy and as a result, we have incurred and may continue to incur significant expenses before we generate any significant revenues related to those products. To date, we have leased one and sold only two pressure cycling technology systems;

we may need additional financing for our pressure cycling technology activities and there can be no assurance that we will obtain such financing on acceptable terms;

we may be unable to adequately respond to rapid changes in technology; and

following the closing of the sale to SeraCare, your ability to sell your stock may be extremely limited because of a lack of an active trading market if our common stock is delisted from the Nasdaq Stock Market or if we otherwise choose to terminate our reporting requirements if permitted under applicable laws and regulations.

See also those risks identified under the heading "Proposal No. 1 Sale of Our BBI Core Businesses; Risk Factors" beginning on page 46.

Asset Purchase Agreement. The asset purchase agreement is attached to this proxy statement as Appendix A. We encourage you to read the asset purchase agreement in its entirety, as it is the legal document that governs the proposed transaction between us and SeraCare.

Representations and Warranties of the Parties. The asset purchase agreement contains various customary representations and warranties made by each of the parties to the agreement. The principal representations and warranties we are making to SeraCare include representations and warranties relating to the following: title and operating condition to the purchased assets; contracts and commitments; our SEC filings and financial statements; litigation matters; labor and employment matters; absence of undisclosed liabilities; compliance with applicable laws; intellectual property matters, including our ownership of our proprietary rights; employee benefit plans and employee matters; transactions with affiliated persons; tax matters; accounts receivable; inventory; compliance with environmental laws; product returns and warranties; and accuracy of information provided by us.

The principal representations and warranties made by SeraCare to us include representations and warranties relating to the following: SeraCare's SEC filings and financial statements; and SeraCare's financial resources and commitment letters for financing.

For a more complete listing of representations and warranties made by the parties, please see "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Representations and Warranties" beginning on page 55.

Conditions to Completion of the Sale of Assets. Each party's obligation to complete the sale of assets is subject to the prior satisfaction or waiver of certain conditions. The following list sets forth the material conditions that must be satisfied or waived before completion of the proposed transaction:

Our stockholders must approve the transaction;

Since December 31, 2003, there shall have been no material adverse change with respect to the BBI Core Businesses or the purchased assets;

We shall have delivered to SeraCare all documents necessary to release liens and other encumbrances on the purchased assets, except for certain permitted liens and encumbrances;

We shall have obtained all necessary third party consents to the sale;

SeraCare shall have received financing to pay the purchase price at closing; and

7

Other customary closing conditions.

Voting Agreement. Mr. Richard T. Schumacher, our founder, Chief Executive Officer and a member of our board of directors, and Mr. Richard Kiphart (together with his daughter and the fund in which he is the general partner) have entered into voting agreements with SeraCare and have agreed to vote in favor of the asset purchase agreement and the transactions contemplated by the asset purchase agreement. Collectively, Mr. Schumacher and Mr. Kiphart (together with his daughter and the fund in which he is the general partner) currently hold approximately 32% of the issued and outstanding shares of our common stock. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Other Agreements Relating to the Asset Sale; Voting Agreements" beginning on page 63.

No Solicitation. Until the date of closing or earlier termination of the asset purchase agreement, we have agreed that we will not solicit, initiate, encourage or induce any acquisition proposal (as defined in the asset purchase agreement) or otherwise participate in discussions or negotiations or approve or recommend any acquisition proposal, except in compliance with the terms of the asset purchase agreement. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Solicitation; Withdrawal of Recommendation by Our Board of Directors" beginning on page 58.

Conduct of Business. We have agreed to operate the BBI Core Businesses in the ordinary course of business and substantially in accordance with past practice prior to the closing date. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Covenants" beginning on page 57.

Our Indemnification Obligations. Subject to the limitations in the asset purchase agreement, we have agreed to indemnify SeraCare and other related persons for any damages incurred by SeraCare in connection with a breach of our representations and warranties, covenants or agreements contained in the asset purchase agreement, and in connection with certain other excluded liabilities and matters specified in the asset purchase agreement. SeraCare will deposit $2.5 million of the purchase price to be held in escrow to pay any of our indemnification obligations which may arise for a period of 18 months following the closing of the sale to SeraCare. To the extent that the funds held in escrow are insufficient to pay the damages or to the extent an indemnification obligation arises after any remaining portion of the escrow funds are released, we will be required to pay the damages from the working capital of our remaining operations following the closing. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Indemnification" beginning on page 64.

SeraCare's Indemnification Obligations. SeraCare has agreed to indemnify us and other related persons for any damages incurred in connection with a breach of its representations and warranties, covenants and agreements contained in the asset purchase agreement, and in connection with certain other assumed liabilities and matters specified in the asset purchase agreement. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Indemnification" beginning on page 64.

Termination of the Asset Purchase Agreement. The asset purchase agreement may be terminated at any time prior to the closing:

By mutual written consent of the parties;

By either party if the closing has not occurred on or before August 15, 2004, or such other date that may be mutually agreed to by the parties, subject to certain limitations described in the asset purchase agreement. As of the date of this proxy statement, the parties have agreed to extend the date of the closing to September 2, 2004, and may extend this to a later date if mutually agreed to by the parties.

By either party if a final nonappealable order, decree, ruling or other action is issued by a governmental entity or court of competent jurisdiction which permanently restrains, enjoins or otherwise prohibits the completion of the sale of the BBI Core Businesses;

By either party if our stockholders do not approve of the proposed transaction;

By us if SeraCare breaches any representation or warranty or covenant or agreement such that our conditions to closing would not be satisfied, subject to our opportunity to cure the breach as provided in the asset purchase agreement;

By SeraCare if we breach any representation or warranty or covenant or agreement such that SeraCare's conditions to closing would not be satisfied, subject to an opportunity to cure the breach as provided in the asset purchase agreement;

By SeraCare if one of a number of other triggering events (as defined in the asset purchase agreement) occurs, including if our Board of Directors withdraws its recommendation to stockholders to vote in favor of the approval of Proposal No. 1; and

By us if SeraCare has not obtained the financing for the purchase price by September 2, 2004, and all of SeraCare's other conditions to closing have been satisfied. Effective July 20, 2004, the parties agreed to extend the date by which SeraCare is required to obtain its financing from August 15, 2004 to September 2, 2004 due to the extension of the outside closing date to September 2, 2004.

See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Termination of the Asset Purchase Agreement" beginning on page 65.

BBI's Obligation upon Termination. In the event the asset purchase agreement is terminated for certain reasons set forth in the asset purchase agreement, we will be required to pay SeraCare a termination fee in the amount of $600,000 and, if we enter into or complete an acquisition transaction (as defined in the asset purchase agreement), for an acquisition price of $35 million or more within one year following such termination, we will be required to pay an additional amount equal to the difference between 3% of the aggregate purchase price paid in the acquisition transaction and the $600,000 we already paid to SeraCare. We are also required to pay this termination fee in other cases if the proposed transaction with SeraCare is terminated for certain other reasons set forth in the asset purchase agreement and we complete an acquisition transaction within one year following termination assuming we received an acquisition proposal prior to the termination of the asset purchase agreement with SeraCare. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Payment of Termination Fee" beginning on page 66.

SeraCare's Obligation upon Termination. In the event we terminate the asset purchase agreement because SeraCare fails to obtain financing prior to August 15, 2004 and all of SeraCare's other conditions to closing have been satisfied by such time, SeraCare has agreed to pay us a termination fee in the amount of $600,000. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Payment of Termination Fee" beginning on page 66.

Post-Closing Agreements.

We have agreed with SeraCare that we will not compete with SeraCare in the businesses being sold for a period of five (5) years after the closing, subject to certain limited exceptions. We have also agreed that for one and one-half years following the closing, we will not induce any of our former employees who are rehired by SeraCare to accept any other employment or position or assist any other entity in hiring any such employee. Mr. Richard T. Schumacher, our founder, Chief Executive Officer and a director, has also agreed to similar non-compete and non-solicitation provisions for a period of two years and

one and one-half years, respectively, following the closing. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Other Agreements Relating to the Asset Sale; Non-Competition and Non-Solicitation Agreements" beginning on page 62.

We have agreed with SeraCare that following the closing we will request the appropriate governmental authorities to novate certain identified government contracts.

We will enter into a transition services agreement with SeraCare whereby SeraCare will, among other things, provide us with access to certain office and laboratory space at the BBI Biotech facility in Gaithersburg, Maryland, allow us to use certain laboratory equipment for our remaining operations for 12 months following the closing and make available to us certain of our former employees who are rehired by SeraCare. See "Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Other Agreements Relating to the Asset Sale; Transition Services Agreement" beginning on page 62.

Recommendation of Our Board of Directors. Our board of directors has unanimously approved the proposed sale to SeraCare and recommends that you vote FOR Proposal No. 1, the sale of our BBI Core Businesses; Recommendation of the Board of Directors" beginning on page 34.

Appraisal Rights. Under Massachusetts law, you are entitled to appraisal rights in connection with our sale of substantially all of our assets, and you can obtain payment of the fair value of your shares, if you strictly comply with all of the requirements of Massachusetts law, as described on pages 40 through 44 and Appendix C of this proxy statement. See Proposal No. 1 Sale of Our BBI Core Businesses Asset Purchase Agreement; Appraisal Rights" beginning on page 40.

Material Federal Income Tax Consequences. The sale to SeraCare is a taxable event to us. We will recognize taxable gain in an amount equal to the cash received plus liabilities assumed under the asset purchase agreement, less our adjusted tax basis in the purchased assets. A portion of our taxable gain will be offset to the extent of current year losses from operations plus available net operating loss carryforwards, subject to applicable limitations. We do not anticipate any direct tax consequence to you as a result of the sale to SeraCare. If we engage in an issuer tender offer following the closing, any tax consequences to you as a result of any tendering of your shares will be described in the applicable tender offer documents that will be sent to stockholders describing the tender offer. See "Proposal No. 1 Sale of Our BBI Core Businesses Tax Consequences" beginning on page 44.

Regulatory Approvals. There are no material United States or state regulatory approvals required for the completion of the sale to SeraCare other than the approval of the asset purchase agreement by our stockholders under the corporate law of the Commonwealth of Massachusetts. See "Proposal No. 1 Sale of Our BBI Core Businesses Regulatory Approvals" beginning on page 39.

Accounting Treatment. If the sale to SeraCare is completed, we will record the sale in accordance with generally accepted accounting principles in the United States. Upon the completion of the sale, we will recognize a financial reporting gain equal to the net proceeds (the sum of the purchase price less the expenses relating to the asset sale) less the net book value of the assets sold and the fair value of the indemnification liability retained. At the closing, $2.5 million of the aggregate purchase price will be deposited into an escrow account to be held in escrow for a period of 18 months to secure payment of our indemnification obligations under the asset purchase agreement. We will be recording the escrow amount as a long term asset immediately following the closing. See "Proposal No. 1 Sale of Our BBI Core Businesses Accounting Treatment of the Asset Sale" beginning on page 44.

QUESTIONS AND ANSWERS ABOUT THE 2004 SPECIAL MEETING OF STOCKHOLDERS

Where and when is the special meeting of stockholders? (See page 16)

The special meeting will be held at 4:00 p.m., local time, on August 31, 2004, at the principal executive offices of Boston Biomedica, Inc., located at 375 West Street, West Bridgewater, Massachusetts.

Who is soliciting my proxy? (See page 17)

Our board of directors is soliciting proxies from each of our stockholders. We will pay the expenses of preparing and distributing this proxy statement and soliciting proxies, including the reasonable expenses incurred by brokers, dealers, banks and trustees or their nominees for forwarding solicitation materials to beneficial owners.

Who is entitled to vote on the proposals? (See page 16)

Stockholders of record as of the close of business on July 26, 2004, the record date, are entitled to notice of and to vote at the special meeting. Each share of common stock is entitled to one vote.

What am I being asked to vote on?

The first proposal you are being asked to approve is the sale of the assets of our BBI Diagnostics and BBI Biotech business units to SeraCare pursuant to the terms of an asset purchase agreement entered into between Boston Biomedica, BBI Biotech Research Laboratories and SeraCare on April 16, 2004. See "Proposal No. 1 Sale of Our BBI Core Businesses" for a more detailed description of the proposed transaction with SeraCare.

The second proposal you are being asked to approve is an amendment to our Restated Articles of Organization, as amended, to change our corporate name to "Pressure BioSciences, Inc." promptly following the completion of the sale to SeraCare. Proposal No. 2 is necessary if Proposal No. 1 is approved, as we have agreed to transfer the rights to the name "Boston Biomedica" to SeraCare in connection with the sale. In the event that Proposal No. 1 is approved, but Proposal No. 2 is not approved, we will discuss with SeraCare alternative arrangements to ensure that SeraCare receives the benefit of our corporate name "Boston Biomedica". If Proposal No. 1 is not approved, then we will not change our corporate name regardless of whether we obtain approval from our stockholders to amend our Restated Articles of Organization, as amended. See "Proposal No. 2 Corporate Name Change" for a more detailed description of Proposal No. 2.

The third proposal you are being asked to approve is to grant discretionary authority to the persons named as proxies to adjourn the special meeting to solicit additional proxies in favor of Proposal Nos. 1 or 2. See "Proposal No. 3 Adjournment of the Special Meeting" for a more detailed description of Proposal No. 3.

What will happen if the sale to SeraCare is approved by our stockholders? (See page 29)

If the sale to SeraCare is approved by our stockholders and the other conditions to closing of the sale are satisfied or waived, we will sell the assets of our BBI Core Businesses to SeraCare under the terms of the asset purchase agreement as described in this proxy statement. Following the completion of the sale to SeraCare, we expect that our business operations will focus primarily on our pressure cycling technology activities. Our board of directors expects to continue to explore strategic

opportunities with respect to our remaining business. These opportunities may include investing in and expanding our pressure cycling technology activities,

developing strategic relationships to grow our pressure cycling technology business, acquiring, investing in, or developing new lines of business that may or may not relate to our pressure cycling technology business or divesting any remaining portions of the business. In furtherance of these opportunities, on June 2, 2004, we completed the sale of substantially all of the assets and selected liabilities of our BBI Source Scientific business unit to a newly formed limited liability company in which we retain a 30% ownership interest. In connection with the transaction, we received secured promissory notes in the principal amount of $900,000, which, together with accrued interest, are due on or before May 31, 2007. The aggregate principal amount of the notes may be reduced to $720,000 if the notes are paid in full by May 31, 2005 or $810,000 if the notes are paid in full by May 31, 2006. The notes are secured by pledges of the purchasers' ownership interests in the newly formed limited liability company. The new instrumentation company has agreed to provide engineering, manufacturing, and other related services for our pressure cycling technology products until September 30, 2005. If we complete the sale of our BBI Core Businesses, our primary business operations will consist of our remaining pressure cycling technology business, and, in addition, we will continue to own our 30% ownership interest in the newly formed limited liability company that purchased our BBI Source Scientific assets, and our 4.45% passive ownership interest in Panacos Pharmaceuticals, Inc.

Will any of the proceeds from the sale to SeraCare be distributed to me as a stockholder? (See page 28)

Shortly following the completion of the proposed transaction with SeraCare, we plan to commence an issuer tender offer to purchase up to 6,000,000 shares of our common stock at a price of $3.50 per share. We will use up to $21.0 million of the after-tax net cash proceeds from the sale to SeraCare to purchase shares of our common stock tendered in the tender offer. Assuming that all 6,000,000 shares are tendered in the contemplated tender offer, we expect to have approximately $1.0 to $1.5 million remaining to fund our working capital for our pressure cycling technology activities. This amount includes approximately $1.0 million of cash on hand as of April 30, 2004 (which is not part of the assets being acquired by SeraCare), together with the remaining net proceeds from the sale, after taxes and transaction fees. In addition, any portion of the escrowed amount released to us is also expected to be used primarily for working capital for our pressure cycling technology activities. If less than 6,000,000 shares of our common stock are tendered in the tender offer, after-tax net cash proceeds from the sale of the BBI Core Businesses allocated for the tender offer which remain after the tender offer are also expected to be used to provide additional working capital for our remaining pressure cycling technology operations. If you decide not to tender your shares in the tender offer, you will continue to be a stockholder in our company; however, trading in our common stock will likely be more difficult due to, among other things, limited trading volume of our stock.

You should be aware that although we expect to commence the tender offer shortly following the closing, it is possible that we will not commence the tender offer or the cash payment we expect to offer could be substantially less than we currently anticipate due to unanticipated events or circumstances beyond our control or unforeseen liabilities or contingencies. Any portion of the escrowed amount released to us is also expected to be used primarily for working capital for our pressure cycling technology activities.

Will our common stock still be publicly traded if the sale to SeraCare is completed?

Our common stock is currently traded on the Nasdaq National Market under the symbol "BBII." Following the completion of the proposed transaction, we expect to continue to trade as a public company on the Nasdaq National Market. However, it is not possible to predict the trading price of our common stock following the closing of the sale to SeraCare. If our common

stock trades below the minimum bid price for continued listing on the Nasdaq National Market or we otherwise fail to meet the continued listing standards of the Nasdaq National Market, our stock will be delisted from the Nasdaq National Market and we expect it will be traded on the Nasdaq SmallCap Market if we meet the listing standards of that market or we will attempt to be traded on the OTC Bulletin Board or "pink sheets" maintained by the National Quotation Bureau, Inc. The OTC Bulletin Board and Pink Sheets are generally considered less efficient markets than the Nasdaq National Market and the Nasdaq SmallCap Market. It is likely that there will only be limited trading volume in our common stock following the closing of the sale to SeraCare. Accordingly, you may find it more difficult to dispose of your shares of common stock and you may not be able to sell some or all of your shares of common stock when and at such times as you desire. See "Risk Factors" on page 50 for a further discussion of the Nasdaq National Market continued listing standards and the risks relating thereto.

In addition, it is possible that following the tender offer contemplated after completion of the sale to SeraCare we may decide to take steps to terminate our reporting obligations if permissible under applicable SEC rules. If we were to terminate our reporting obligations, there will not be current or adequate public information readily available about our remaining operations and there will not be any active trading market for our common stock.

What are the risks of the proposed sale to SeraCare? (See page 46)

If the sale to SeraCare is completed, we will have sold our primary source of revenue and we will become less diversified. Our operations will then focus on the development of our pressure cycling technology products and services. This technology has significant investment requirements and involves high risk. We cannot assure you that our available resources will be sufficient to fund a successful commercialization of pressure cycling technology products and services. It is likely that we will need additional capital and there can be no assurance that such capital will be available to us on satisfactory terms, if at all. These and other risks relating to the sale to SeraCare that you should consider are more fully described under the heading "Risk Factors".

What will happen if the sale to SeraCare is not approved by our stockholders or is otherwise not completed?

If the sale to SeraCare is not completed, we may continue as an independent operating company conducting our historical business, we may explore other strategic alternatives, including a sale of our assets to, or a business combination with, another party, or we may pursue other business opportunities and investments unrelated to our current business. There can be no assurance that any potential transaction will provide consideration equal to or greater than the price proposed to be paid by SeraCare under our asset purchase agreement, or that we will be able to complete any alternative transaction. We have incurred significant costs and expenses in connection with the proposed sale to SeraCare. If the sale is not completed, we may also be required to pay SeraCare a termination fee of $600,000 or more. These costs will have a material adverse affect on our results of operations for the fiscal year ended December 31, 2004. Further, there can be no assurances that we will be successful by continuing to remain an independent operating company.

When is the sale to SeraCare expected to be completed?

We expect to complete the sale to SeraCare as soon as practicable after all of the conditions to closing the transaction have been satisfied or waived. All parties to the asset purchase agreement are working toward completing the sale to SeraCare as soon as practicable. We currently plan to complete the transaction shortly following the special meeting of our stockholders, assuming our stockholders approve the sale to SeraCare and the other conditions to the asset purchase

agreement are satisfied or waived. However, because the sale is subject to some conditions which are beyond our control, the exact timing of the completion of the transaction cannot be predicted. For a more complete description of the conditions to completion of the sale, see the section of this proxy statement entitled "Proposal No. 1 Sale of Our BBI Core Businesses The Asset Purchase Agreement Conditions to Closing."

What vote is required to approve Proposal No. 1, the sale of the assets of our BBI Core Businesses to SeraCare as contemplated by the Asset Purchase Agreement?

The affirmative vote of two-thirds of the shares of our common stock outstanding and entitled to vote at the special meeting is required to approve Proposal No. 1, the sale of our BBI Core Businesses to SeraCare as contemplated by the asset purchase agreement. Our board of directors recommends that you vote "FOR" Proposal No. 1.

What vote is required to approve Proposal No. 2, the amendment to our Restated Articles of Organization, as amended, to change our corporate name?

The affirmative vote of the holders of a majority of the shares of our common stock outstanding and entitled to vote is required to approve Proposal No. 2, the amendment to our Restated Articles of Organization, as amended, to change our corporate name to "Pressure BioSciences, Inc." Our board of directors recommends that you vote "FOR" Proposal No. 2.

What vote is required to approve Proposal No. 3, the granting of discretionary authority to the persons named as proxies to adjourn the special meeting to solicit additional proxies in favor of Proposal Nos. 1 or 2?

The affirmative vote of the holders of a majority of the shares of our common stock present, in person or by proxy, and entitled to vote, whether or not a quorum is present, is required to approve Proposal No. 3, granting discretionary authority to the persons named as proxies to adjourn the special meeting to solicit additional proxies for Proposal Nos. 1 or 2. Our board of directors recommends that you vote "FOR" Proposal No. 3.

Has any stockholder agreed to vote its shares of common stock in favor of Proposal No. 1, Proposal No. 2 or Proposal No. 3? (See page 63)

In connection with the negotiation of the asset purchase agreement, Mr. Richard T. Schumacher, our founder, Chief Executive Officer and a member of our board of directors, and Mr. Richard Kiphart (together with his daughter and a fund in which he is the general partner) have agreed to vote in favor of the asset purchase agreement and the transactions contemplated by the asset purchase agreement. Collectively, these stockholders currently hold approximately 32% of the issued and outstanding shares of our common stock.

What do I need to do now?

After carefully reading and considering the information contained in this proxy statement, you should complete, sign and date the enclosed proxy card and return it to us in the postage prepaid envelope as soon as possible so that your shares may be represented and voted at the special meeting. A majority of shares of common stock outstanding and entitled to vote must be represented at the special meeting to enable us to conduct business at the special meeting. For a further discussion on the voting process, please see "General Information-Voting Procedures."

Can I change my vote after I have mailed my signed proxy? (See page 17)

Yes. You can change your vote at any time before proxies are voted at the special meeting. You can change your vote in any one of three ways. First, you can send a written notice to our corporate Clerk at our principal executive offices, stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy. If you choose either of these two methods, we must receive the notice of revocation or the new proxy at our principal executive offices prior to the vote at the special meeting of stockholders. Third, you can attend the meeting and vote in person.

If my shares are held in "street name" by my broker, will my broker vote my shares for me? (See page 17)

Your broker may not be permitted to exercise voting discretion with respect to one or more of the proposals to be voted on by stockholders at the special meeting. Thus, if you do not give your broker or nominee specific instructions, your shares may not be voted on the proposals, and will not be counted in determining the number of shares voted in favor of the proposals. Your failure to give your broker or nominee specific instructions will have the same effect as a vote against Proposal No. 1, the sale of our BBI Core Businesses to SeraCare, and Proposal No. 2, the amendment to our Restated Articles of Organization, as amended, to change our corporate name, but will have no effect on Proposal No. 3, granting discretionary authority to the persons named as proxies to adjourn the special meeting to solicit additional proxies in favor of Proposal Nos. 1 or 2. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares.

What happens if I do not indicate how to vote my proxy? (See page 17)

If you sign and send in your proxy, but do not include instructions on how to vote your properly signed proxy card, your shares will be voted **FOR** Proposal Nos. 1, 2 and 3.

Who can help answer my questions about the proposals?

If you have any questions about the proposals presented in this proxy statement, you should contact:

Boston Biomedica, Inc.
375 West Street
West Bridgewater, MA 02379
Attention: Kevin W. Quinlan
President and Chief Operating Officer
(508) 580-1900

GENERAL INFORMATION

Voting Procedures

This proxy statement is being furnished in connection with the solicitation by the board of directors of Boston Biomedica, Inc., a Massachusetts corporation, of proxies to be voted at the special meeting of stockholders of Boston Biomedica, Inc. to be held at our principal executive offices located at 375 West Street, West Bridgewater, MA, on August 31, 2004, at 4:00 p.m., local time, and at any postponements or adjournments thereof. Only stockholders of record on July 26, 2004 (the "Record Date") will be entitled to vote at the special meeting. On the Record Date there were [ ]outstanding shares of common stock. Each share of common stock outstanding on the record date is entitled to one vote on each matter to come before the special meeting.

At the special meeting, stockholders will be asked to vote to (i) approve the sale of substantially all of our assets, which consist of the assets of our BBI Core Businesses, pursuant to the terms of an asset purchase agreement between us, BBI Biotech Research Laboratories and SeraCare Life Sciences dated April 16, 2004; (ii) approve an amendment to our Restated Articles of Organization, as amended, to change our corporate name to "Pressure BioSciences, Inc."; (iii) grant discretionary authority to the persons named as proxies to adjourn the special meeting to solicit additional proxies in favor of Proposal Nos. 1 or 2; and (iv) transact such other business as may properly come before the special meeting, as set forth in the notice of special meeting.

A quorum, consisting of a majority of our shares of common stock issued, outstanding and entitled to vote at the special meeting, will be required to be present in person or by proxy for the transaction of business at the special meeting.

The affirmative vote of the holders of two-thirds of our shares of common stock outstanding and entitled to vote at the special meeting is required to approve Proposal No. 1, the sale of our BBI Core Businesses to SeraCare pursuant to the asset purchase agreement, as described in this proxy statement. The affirmative vote of the holders of a majority of our shares of common stock outstanding and entitled to vote at the special meeting is required to approve Proposal No. 2, the amendment to our Restated Articles of Organization, as amended, to change our corporate name. The affirmative vote of the holders of a majority of shares of our common stock present, in person or by proxy, and entitled to vote at the special meeting, whether or not a quorum is present, is required to approve Proposal No. 3, to grant discretionary authority to the persons named as proxies to adjourn the special meeting to solicit additional proxies in favor of Proposal Nos. 1 or 2.

Brokers who hold shares in street name for clients typically have the authority to vote on "routine" proposals when they have not received instructions from beneficial owners. However, absent specific instructions from the beneficial owner of the shares, brokers are not allowed to exercise their voting discretion on non-routine matters, such as the sale to SeraCare pursuant to the asset purchase agreement. Proxies submitted without a vote by the brokers on these non-routine matters are referred to as "broker non-votes." Abstentions and "broker non-votes" will be counted for the purpose of establishing a quorum at the special meeting. In addition, abstentions or "broker non-votes" will have the same effect as a vote against Proposal No. 1, the sale of our BBI Core Businesses to SeraCare pursuant to the asset purchase agreement, and Proposal No. 2, the amendment to our Restated Articles of Organization, as amended, to change our corporate name. Abstentions will have the same effect as a vote against Proposal No. 3, to grant discretionary authority to the persons named as proxies to vote in favor of any adjournments of the special meeting for the purpose of soliciting additional proxies, but "broker non-votes" will have no effect on Proposal No. 3. All votes will be tabulated by the inspector of election appointed for the special meeting, who will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Voting of Proxies

General. Shares represented by a proxy will be voted at the special meeting as specified in the proxy.

Proxies without voting instructions. Proxies that are properly signed and dated but which do not contain voting instructions will be voted "for" each of the proposals.

Voting shares held through broker by proxy. If your shares of common stock are held by your broker, your broker will vote your shares for you if you provide instructions to your broker on how to vote your shares. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Your broker generally cannot vote your shares without specific instructions from you.

Voting of shares held through broker in person. If your shares of common stock are held by your broker and you wish to vote those shares in person at the special meeting, you must obtain from the nominee holding your shares a properly executed legal proxy, identifying you as a stockholder of our company, authorizing you to act on behalf of the nominee at the special meeting and specifying the number of shares with respect to which the authorization is granted.

Other matters. If you sign and return the enclosed proxy card, you grant to the persons named in the proxy the authority to vote in their discretion on any other matters that may properly come before the special meeting or any adjournments or postponements of the special meeting. Our management does not presently know of any other matters to be brought before the special meeting.

Revocation of Proxies

Signing the enclosed proxy card will not prevent a record holder from voting in person at the special meeting or otherwise revoking the proxy. A record holder may revoke a proxy at any time before the special meeting in the following ways:

filing with our corporate Clerk, before the vote at the special meeting, a written notice of revocation bearing a later date than the proxy;

by executing a subsequently dated proxy relating to the same shares and delivering it to us before the vote at the special meeting; or

attending the special meeting and voting in person, although attendance at the special meeting will not by itself constitute a revocation of the proxy.

Record holders should send any written notice of revocation or subsequent proxy to our corporate Clerk, c/o Boston Biomedica, Inc. 375 West Street, West Bridgewater, MA 02379 or hand deliver the notice of revocation or subsequent proxy to our corporate Clerk before the vote at the special meeting. No revocation will be effective unless and until notice of such revocation has been received by us at or prior to the special meeting

Persons Making the Solicitation

The enclosed proxy is solicited on behalf of our board of directors. Our employees may participate in the solicitation but will not receive any separate or additional compensation in connection therewith. The cost of soliciting proxies in the accompanying form will be borne by us. Proxies may also be solicited personally or by telephone by our directors and officers, without additional compensation therefor. Upon request, we will reimburse brokers, dealers, banks and trustees or their nominees, for reasonable expenses incurred by them in forwarding proxy material to beneficial owners of shares of common stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made in this proxy statement are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "intends," "anticipates," "believes," "estimates," "predicts," or "continue" or the negative of these terms or other comparable terminology and include, without limitation, statements regarding: completion of the sale of our BBI Core Businesses to SeraCare; possible adjustments to the purchase price to be received from SeraCare for the BBI Core Businesses; potential indemnification payments relating to the sale to SeraCare; the proceeds remaining from the purchase price after the payment of taxes; the transaction costs incurred in the sale to SeraCare and the payment of unforeseen liabilities; management's projections; our plans following the closing, including our ability to operate our remaining business, our ability to sell our BBI Source Scientific business, our intent to commence an issuer tender offer, and our ability to remain as a public company, and the potential for commercial success of our pressure cycling technology business. These statements are based upon our current expectations, forecasts, and assumptions that are subject to risks, uncertainties and other factors that could cause actual outcomes and results to differ materially from those indicated by these forward-looking statements. These risks, uncertainties, and other factors include, but are not limited to: the ability to satisfy the conditions to closing, including, among others, our ability to obtain stockholder approval and SeraCare's receipt of sufficient financing to complete the transaction; the risk that the timing and amount of the tender offer purchase price may differ from what is presently anticipated or that the tender may not be able to be completed at all due to unanticipated events or other circumstances beyond our control, including unforeseen liabilities or contingencies reducing the amount of proceeds available for the tender offer; the risk that we may be unable to agree on a definitive agreement to sell the assets of our BBI Source Scientific business unit or otherwise complete the sale of those assets; the risk that we will not have sufficient funds to operate our remaining business following the closing; the risk that we may have liabilities and expenses arise which are currently unforeseen; the risk that the continuity of our operations will be disrupted in the event the proposed transactions do not close; the risk of unanticipated reactions of our customers and vendors to the proposed asset sale transactions; the costs of completing the other proposed transactions may exceed management's estimates; the competitive nature of the markets in which we operate; a change in economic conditions; our ability to retain existing customers and to obtain new customers; our ability to attract and retain qualified personnel; our ability to comply with the financial and other covenants contained in our revolving line of credit; and the other risks and uncertainties discussed under the heading "Risk Factors" in this proxy statement, our Annual Report on Form 10-K for the year ended December 31, 2003, as amended and other reports we file from time to time with the SEC. We undertake no obligation to update any of the information included in this proxy statement, except as otherwise required by law. Please note that the protections afforded to us under the Private Securities Litigation Reform Act of 1995 will not apply to forward looking statements that may be made in connection with our planned tender offer following the closing of the sale to SeraCare.

PROPOSAL NO. 1 SALE OF OUR BBI CORE BUSINESSES

This section of the proxy statement describes certain aspects of the sale of our BBI Diagnostics and BBI Biotech Research Laboratories business units. However, we recommend that you read carefully the complete asset purchase agreement for the precise terms of the agreement and other information that may be important to you. The asset purchase agreement is included in this proxy statement as Appendix A.

The Companies

Boston Biomedica, Inc. and BBI Biotech Research Laboratories, Inc.

We are engaged in the business of providing products and services to help ensure the accuracy of laboratory test results for infectious diseases such as AIDS and viral hepatitis. Our operations currently consist of the following business units: BBI Diagnostics, BBI Biotech Research Laboratories, and Pressure Cycling Technology ("PCT"). A brief summary of our business operations is described below. For a more detailed description of our business, please review the "Business" section contained in Item 1 of our Annual Report on Form 10-K, as amended by Amendment No. 1 to Form 10-K for the fiscal year ended December 31, 2003, a copy of which is attached as an appendix to this proxy statement and is incorporated herein.

Our BBI Diagnostics business unit offers a broad array of diagnostic products for *in vitro* diagnostic use, consisting of Quality Control Panels, Accurun® External Run Controls and ACCUCHART quality control software, and Diagnostic Components, all used in connection with infectious disease testing.

Our Quality Control Panels and Accurun External Run Controls are comprised of a number of human blood plasma samples contained in sealed vials or test tubes. The plasma is supplied in either liquid or frozen state, and is known to contain (positive) or not contain (negative) specific levels of certain viruses or antibody relating to the following: Human Immunodeficiency Virus (HIV), Hepatitis B Virus (HBV), Hepatitis C Virus (HCV), Lyme Disease bacterium, and West Nile Virus.

Our Quality Control Products are used throughout the entire life cycle of an infectious disease test kit. The life cycle of an *in vitro* diagnostic test kit involves a number of stages. These stages include, research, development, clinical trials for regulatory approval, quality assurance release of each lot of manufactured product, validation testing of the test kit by customers, training customers how to use the test kit, ongoing-proficiency testing of lab personnel who use the test kit, and routine quality control testing each time the test kit is used to determine a patient result.

A description of our quality control products, including the use of and the customers for these products is as follows:

Product Line	Description	Use	Customers
Seroconversion Panels	Rare plasma samples collected from a single individual over a specific time period showing conversion from negative to positive for markers of an infectious disease.	Compare the clinical sensitivity of competing manufacturers' test kits, enabling the user to assess the specificity and sensitivity of a test in detecting a developing antigen/antibody, or presence of pathogen nucleic acid.	Test kit manufacturers and regulators and researchers.
Performance Panels	A set of 10 to 50 serum and plasma samples collected from many different individuals and characterized for the presence or absence of a particular disease marker.	Determine test kit performance against all expected levels of reactivities in the evaluation of new, modified and improved test methods.	Test kit manufacturers, clinical laboratories that evaluated test kits, and regulators.
Sensitivity Panels	Precise dilutions of human plasma or serum containing a known amount of an infectious disease marker as calibrated against international standards.	Evaluate the linearity and low-end analytical sensitivity of a test kit.	Test kit manufacturers, regulators and researchers.
Qualification Panels	Dilutions of human plasma or serum manifesting a full range of reactivity in test kits for a specific marker.	Demonstrate the consistent lot-to-lot performance of test kits, troubleshoot problems, evaluate proficiency, and train laboratory technicians.	Clinical reference laboratories, blood banks, and hospital laboratories.
OEM Panels	Custom-designed Qualification Panels for regulators and test kit manufacturers for distribution to customers or for internal use.	Train laboratory personnel on new test kits or equipment.	Custom designed with test kit manufacturers and regulators as an end-user product or for internal use.
Verification Panels	Verification Panels contain naturally occurring undiluted samples at varying titers.	Verify accuracy and ensure that reagents perform to expectations: also used to troubleshoot system problems and to document problem resolution.	Clinical reference laboratories, blood banks, hospital laboratories.

We perform extensive laboratory testing on each sample contained in our Quality Control Products before they are released for sale. The data on these samples are generated on a variety of test kits from many different manufacturers to determine the level and specificity of the infectious disease

indicators that are present in the product, and to show the performance of each test kit on the BBI product. These data are then compiled on a spreadsheet that accompanies the sale of the BBI quality control product. Our Quality Control Panels, which combine the human blood specimens with this comprehensive quantitative data useful for comparative analysis, help ensure that test kits are as specific, reproducible, and sensitive as possible.

Our Accurun® External Run Controls enable end-users of test kits to confirm the validity of results by monitoring test performance, thereby minimizing false negative test results and improving error detection. Our ACCUCHART quality control software is a software data management program for Quality Control Products customers. In addition, we provide Diagnostic Components, which are custom-processed human plasma and serum products, to test kit manufacturers. We also recently introduced our first test kit, a Lyme Disease Western Blot test kit. Our Lyme Western Blot Test Kit, which is manufactured by our BBI Biotech facility in Gaithersburg, Maryland and marketed by our BBI Diagnostics sales and marketing group in West Bridgewater, Massachusetts, tests for the presence of Lyme Disease.

BBI Biotech Research Laboratories, Inc., a wholly-owned subsidiary of Boston Biomedica, is our research and development "arm", assisting in the development of new products and services for our other business units, such as the development of Accurun nucleic acid controls, and molecular and cellular biology quality control panels and by offering basic and esoteric nucleic acid and protein testing for our BBI Diagnostics business unit. BBI Biotech also developed the BBI IgM and IgG Borrelia burgdorferi Western Blot Test Kit, initially for use at BBI Clinical Laboratories. BBI Biotech seeks to obtain government grants and other research support wherever possible to help fund the cost of this research and development.

Our BBI Biotech business unit provides repository services for various branches of the United States government and the National Institutes of Health ("NIH"), and specialty reagents and molecular and cellular biology services for laboratories and test kit manufacturers. Our repository stores more than 11 million human blood and tissue specimens, including plasma, serum, blood cells, and tissues. These specimens are used in government sponsored programs for the study of cancer, infectious diseases, and genetic diseases, in clinical studies of disease diagnostics, and in studies of how well vaccines and therapeutics work. BBI Biotech also provides a variety of research services in molecular biology, cell biology, virology and immunology to governmental agencies, diagnostic test kit manufacturers and biomedical researchers. Molecular biology services include DNA extractions and sequencing, genotyping, DNA library construction and screening and development of custom nucleic acid amplification assays. Cell biology and immunology services include sterility testing, virus infectivity assays, cultivations of virus or bacteria from clinical specimens, preparation of viral or bacterial antigens and custom western blot assays.

As previously announced, on June 2, 2004, we completed the sale of substantially all of the assets and selected liabilities of our BBI Source Scientific business unit to a newly formed limited liability company jointly owned 70% by Mr. Richard W. Henson and Mr. Bruce A. Sargeant and 30% by BBI. Mr. Henson and Mr. Sargeant are medical instrument executives with many years of experience in the instrumentation field. Our BBI Source Scientific business unit designed, developed, manufactured and marketed laboratory instruments, primarily consisting of readers and washers and other small medical devices. By way of background, laboratories that test blood samples for diagnostic or research purposes often use test kits purchased from in vitro diagnostic manufacturers. These test kits can be prepared in a number of formats; currently, one leading format is to have the test performed in a plastic micro titer plate that contains 96 distinct wells (8 rows across, 12 columns down). Each well is used to test one sample. To perform the test, the patient sample and certain reagents are placed in each well. After a period of incubation time, the sample/reagents must be removed from the wells and new reagents are dispensed into them. A washer is an instrument that is used to remove or wash the well clean of the liquid that is in it. After the test has been completed, the plate of 96 wells must be

put into an instrument that is used to detect colors (which are used to indicate the presence or absence of a disease market) that remain in the well after test completion. This instrument that detects color is called a reader.

The laboratory instruments designed, developed, manufactured and marketed by BBI Source Scientific are used in hospitals and clinics, and in research, environmental and wine and food testing laboratories. Built with a common hardware technology platform, these instruments are used in connection with the performance of an *in-vitro* diagnostics test, including reading the test result. Our pressure cycling technology products were produced at the BBI Source Scientific production facility. BBI Source Scientific also served as a contract manufacturer of analytical instruments and biomedical devices. In connection with the sale of BBI Source Scientific, in addition to receiving a 30% ownership interest in the newly formed limited liability company, we received secured promissory notes in the principal amount of $900,000, which, together with accrued interest, are due on or before May 31, 2007. The aggregate principal amount of the notes may be reduced to $720,000 if the notes are paid in full by May 31, 2005 or $810,000 if the notes are paid in full by May 31, 2006. The notes are secured by pledges of the purchasers' ownership interests. The new instrumentation company has agreed to provide engineering, manufacturing, and other related services for our pressure cycling technology products until September 30, 2005. Although we currently own a 30% ownership interest in the newly formed entity that will continue to own and operate the BBI Source Scientific laboratory instrumentation business, this interest may decline if and to the extent that the entity issues equity in connection with financings, to employees for incentive compensation or otherwise.

Our pressure cycling technology business unit involves research, development and commercialization of products utilizing our patented pressure cycling technology. Pressure cycling technology uses an instrument that we developed capable of cycling pressure between low and high levels to rapidly, reversibly, and repeatedly control the interactions of biomolecules. The pressure cycling technology utilizes our Barocycler instrument and disposable PULSE Tubes to release nucleic acids and biologically active proteins from plant and animal cells and tissues, as well as other organisms, which are not easily disrupted by standard chemical and physical methods. Nucleic acid is a general term that includes DNA (deoxyribonucleic acid) and RNA (ribonucleic acid). Together, DNA and RNA constitute the genetic material of all living things including bacteria, plants, animals, and viruses. Genetic material or genes are the basic unit of heredity, thus are responsible for the characteristics of an organism. In general, an organism uses DNA to make RNA and RNA to make protein. Proteins are the building blocks of life. To fully understand the characteristics of an organism, whether as simple as bacteria, or as complex as a human, scientists must examine its nucleic acids and proteins. To do this, scientists must first release the nucleic acids from the organism's cells so that the nucleic acids can be studied. In addition, scientists must also be able to obtain proteins from tissues to understand how the protein functions in the organism. The study of nucleic acids and proteins is called genomics and proteomics, respectively. It is important for scientists to have a method to release nucleic acids and proteins from cells and tissues in sufficient quantity and quality to study and test these molecules. Pressure Cycling Technology (PCT) is such a method. Once nucleic acids and proteins are released by PCT, scientists can then use the released material in a broad range of applications such as identifying a disease causing bacteria or the response of a human to drug therapy. Thus, we believe that PCT has applications in many diverse fields including agriculture, bio-defense, drug discovery, and disease diagnostics.

In September 2002, we released for sale a floor model Barocycler instrument and disposable PULSE Tubes, the first products manufactured that utilize our pressure cycling technology. The PCT business unit, which has received both private and public (National Institutes of Health) funding of segment research, has experienced and continues to experience lower than expected product sales since September 2002 primarily associated with a longer than expected selling cycle. As of December 31, 2003, we have invested approximately $11.0 million in the development of our pressure cycling

technology since 1997, with the funds coming from both internal and public sources. To date we have leased one and sold only two pressure cycling technology systems and a limited number of PULSE Tubes, and have generated approximately $106,000 of product revenue. We believe that sales of our pressure cycling technology products have been adversely affected primarily as a result of the longer than anticipated sales cycle associated with these products. Factors associated with this sales cycle include the initial selling price of the Barocycler and the limited amount of research data presently available demonstrating its capabilities and potential. To address this longer sales cycle, we have been developing a less expensive and smaller, bench top version of the Barocycler which we expect will facilitate an easier and quicker purchase decision by potential customers. We introduced a prototype of the bench top Barocycler in March 2004, which we expect will be available for commercial sale in the third or fourth quarter of 2004.

We currently maintain a 4.45% passive ownership interest in Panacos Pharmaceuticals, Inc. Panacos Pharmaceuticals is engaged in the discovery and development of small molecule, orally available drugs for the treatment of HIV and other major human viral diseases. Panacos Pharmaceuticals' proprietary discovery technologies focus on novel targets in the virus life cycle, including virus fusion and virus maturation, the first and last steps of viral infection. On June 2, 2004, Panacos Pharmaceuticals announced that it entered into a definitive merger agreement with V.I. Technologies, a publicly traded company based in Watertown, Massachusetts, that develops innovative anti-infective technologies to enhance blood safety. Under the terms of that proposed transaction, V.I. Technologies is expected to issue 25 million common shares in exchange for all outstanding Panacos Pharmaceuticals shares upon the close of the transaction. In addition, V.I. Technologies is expected to issue up to an additional 20 million common shares to shareholders of Panacos Pharmaceuticals upon the successful completion of near-term clinical milestones for PA-457, a novel HIV drug currently in Phase 1 clinical trials. The transaction is expected to close in the third quarter of 2004 and is subject to SEC review and shareholder approval of both companies.

If the transactions contemplated by the asset purchase agreement with SeraCare are completed, we will sell the assets of our BBI Diagnostics and BBI Biotech Research Laboratories business units and our remaining business operations following the completion of the transactions will consist primarily of our pressure cycling technology operations. In addition to our remaining pressure cycling technology business, we will continue to own a 30% ownership interest in the newly formed limited liability company that purchased our BBI Source Scientific business unit, and our 4.45% passive ownership interest in Panacos Pharmaceuticals.

The principal executive offices for Boston Biomedica and BBI Biotech Research Laboratories are located at 375 West Street, West Bridgewater, MA 02379 and the telephone number is (508) 580-1900.

SeraCare Life Sciences, Inc.

SeraCare is a manufacturer and marketer of human and animal based diagnostic, therapeutic, and research products based in Oceanside, California, with a satellite office in Hatboro, Pennsylvania, and distributors in Europe and South Korea. SeraCare is a vendor-approved supplier to over 500 pharmaceutical and healthcare companies, and is listed as an exclusive supplier in many customers' regulatory filings with the Food and Drug Administration. SeraCare's primary focus is the development and sale of human and animal blood-based diagnostic, therapeutic, and research products to domestic and international customers. Through its strategic alliances with Biomat USA, Inc. and other suppliers, SeraCare has access to a nationwide network of donor centers. This has historically provided the basis for SeraCare's development of human plasma-based products and services. Through SeraCare's strategic alliance with Proliant, Inc., it has access to bovine serum albumin, which has provided the basis for its development of bovine serum-based products. SeraCare also provides antibody-based products, which are used as active ingredients in therapeutic products (generally, drugs used to treat and manage diseases) and in diagnostic products (generally, diagnostic tests and test kits).

SeraCare focuses on product development, the solidification of customer relationships, and improvement of its operational systems in California and Pennsylvania. SeraCare has increased the variety, and improved the quality, of products that it manufactures and sells. Management of SeraCare believes its strategy will aid its long-term success in the highly regulated and competitive industry in which it operates. During the course of SeraCare's corporate evolution, it has helped many customers develop internal protocols and standards, established quality control benchmarks, and has performed various other value-added services for its customers in order to establish solid relationships. SeraCare has made significant progress as a major supplier of protein and media products to several pharmaceutical and biotechnology companies.

The principal executive offices for SeraCare Life Sciences are located at 1935 Avenida del Oro, Suite F, Oceanside, California 92056 and its telephone number is (760) 806-8922.

Background of the Sale of our BBI Diagnostics and BBI Biotech Business Units

In 2002 and 2003, we continued to pursue a strategy of using our scientific capabilities in microbiology, immunology, virology, and molecular biology in an attempt to (1) expand the end-user market for our quality control products, especially the molecular testing market, (2) develop new products and services, (3) enhance our technical leadership, and (4) capitalize on complementary business operations.

During 2002 and to a lesser extent in 2003, we also continued to expend significant resources on the research and development of our pressure cycling technology products. As a result of these efforts, in September 2002, we released for sale the Barocycler NEP2017 instrument and disposable PULSE Tubes, our first manufactured products which utilize our patented pressure cycling technology. These efforts, however, diverted a significant amount of our attention and resources away from our BBI Core Businesses. We recognized that to further develop and grow our BBI Core Businesses, while at the same time contributing sufficient resources to further develop and commercialize our pressure cycling technology products and services, we would need to raise additional capital or seek other strategic alternatives. Accordingly, on October 25, 2002, we retained William Blair & Company, LLC ("William Blair"), an investment banking firm, to advise us in the evaluation of strategic opportunities aimed at increasing shareholder value and liquidity by increasing the capital needed for our growth.

In November and December 2002, we worked with William Blair and prepared a confidential offering memorandum to be presented to prospective partners. While the confidential offering memorandum was being prepared, our company engaged in preliminary discussions with two different parties that expressed interest in a possible transaction with us. The interest expressed by these two parties was discussed with our board of directors. Our board of directors determined that we would maintain an open dialogue with these two parties, but continue to identify other potentially interested parties. In January 2003, William Blair completed the confidential offering memorandum and began initiating contact with potential partners, including SeraCare and another party that had expressed interest in November and December 2002.

On January 25, 2003, at a special meeting of the board of directors, William Blair reported to the board that it had contacted a total of 16 potential candidates. William Blair informed our board that most of these potential candidates were familiar with our operations. These potential partners also indicated that their primary interest was in our BBI Core Businesses and not in our remaining activities related to our pressure cycling technology or laboratory instruments. At this meeting, William Blair reviewed with us various transaction structures, including an asset sale for cash, an asset sale for stock, and a stock sale for cash. William Blair also analyzed the potential impact of each of these transaction structures on our company and our stockholders. Lastly, the board determined that William Blair should conduct further meetings and negotiations with the potential partners that indicated significant interest in a transaction with our company.

Between January 7, 2003 and February 24, 2003, we received indications of interest from three parties, including draft letters of intent from two of the three parties. Two of these parties proposed structures and consideration determined by our board of directors to be inadequate. The third party submitted a draft letter of intent dated January 31, 2003 which provided for the purchase of the assets of our BBI Core Businesses. On February 14, 2003, the board of directors reviewed this draft letter of intent and authorized our management to continue negotiating with this third party. On February 24, 2003, after further negotiations, we executed a letter of intent to sell the assets of our BBI Core Businesses to this third party.

Between February 24, 2003 and May 2003, the third party conducted legal and business due diligence with respect to our BBI Core Businesses. During this diligence period, the third party revised their assessment of the BBI Core Businesses, and on June 6, 2003 delivered a revised letter of intent with a reduced purchase price. From that date through early July, we continued to negotiate and work with that party to modify the terms of the original letter of intent to reach a mutually satisfactory understanding of the terms of a proposed transaction. On July 3, 2003 we executed the revised letter of intent. The revised letter of intent provided for an exclusivity period until September 30, 2003. During this time and continuing through December 2003, we delivered additional due diligence materials, negotiated the terms of an asset purchase agreement, exchanged drafts of an asset purchase agreement and engaged in numerous meetings and conference calls relating to these matters and the possible transaction generally.

In October 2003, the completion of an asset purchase agreement with this third party was proceeding slower than we expected and the exclusivity period in the letter of intent had recently expired. In the opinion of management and our board of directors, it was becoming increasingly likely that we would be unable to reach a final agreement on terms satisfactory to us. As a result, in November 2003, we began to reevaluate our strategic options with respect to a possible transaction.

On November 11, 2003, a special meeting of our board of directors was held by teleconference. All of the members of our board of directors, representatives from Brown Rudnick Berlack Israels LLP ("Brown Rudnick"), our legal counsel, and representatives of William Blair, our investment bankers, were present on the conference call. During the meeting, the board of directors discussed the status of the negotiations with the third party. After further discussions, given that the exclusivity period in the letter of intent with the third party had expired and the negotiations with this third party had been proceeding slower than we expected, our board authorized William Blair to discuss a potential transaction with third parties that may contact William Blair. Mr. Schumacher reported to the board that on October 31, 2003, he had discussions with representatives of SeraCare about having further discussions regarding a possible transaction. Following further discussion, the board authorized William Blair to call Mr. Barry Plost, Chairman of SeraCare, to determine SeraCare's interested in pursuing further negotiations.

In December 2003, following our inability to resolve a number of business and legal issues with the third party, including a disagreement on the purchase price, the portion of the purchase price to be held in escrow and several other matters, the parties put the transaction on hold and we continued to evaluate our strategic options.

In December 2003, we continued discussions with SeraCare regarding a possible transaction and provided them with further information regarding our business. Throughout December 2003 and through April 2004, our board held numerous meetings to discuss the proposed transaction with SeraCare, all of which were held by telephone conference call.

On December 11, 2003, all of the members of our board of directors and representatives of William Blair met to discuss the status of the negotiations with SeraCare. At this meeting, Mr. Schumacher updated the board on the status of recent discussions between him, William Blair and

SeraCare. Following this report, the board instructed William Blair to contact SeraCare and discuss initiating further due diligence.

On December 30, 2003, our full board met again with our counsel to discuss the due diligence process, including the scheduled site visits by SeraCare during the week of January 5, 2004.

On January 8, 2004, all of the members of our board of directors, including our newest member of the board, Donald Payne who was appointed as a director on January 2, 2004, met to discuss the results of SeraCare's due diligence and site visits that were completed earlier that week. At this meeting, Mr. Schumacher and Mr. Quinlan reported to the board that Mr. Plost reaffirmed his earlier statement that SeraCare was not interested in purchasing any assets other than the assets of our BBI Core Businesses.

On January 20, 2004, SeraCare submitted a non-binding letter of intent to acquire our BBI Core Businesses for $30 million in cash, which was greater than the purchase price offered by the other third party.

On January 21, 2004, all of the members of our board of directors, other than Mr. Thomas Vogel, who was appointed as a director on January 9, 2004, and representatives of Brown Rudnick and William Blair, met to discuss the non-binding letter of intent received from SeraCare on January 20, 2004. The board had an extended discussion on certain significant business issues, including employee retention, escrow amount, exclusivity period and SeraCare's ability to raise funds required to complete the proposed transaction. After further discussion, the board instructed William Blair to discuss these issues with Mr. Barry Plost of SeraCare.

On January 23, 2004, all of the members of the board of directors and a representative of Brown Rudnick met to discuss further SeraCare's proposed letter of intent. At this meeting, counsel to the company advised the board of the benefits of having an independent committee of directors review and consider the proposed transaction with SeraCare. The board agreed with counsel's recommendation and after further discussion, the board requested that our Audit Committee, which consists of four independent directors, meet independently to discuss the proposed transaction with SeraCare.

On January 28, 2004, all of the members of the board of directors and representatives of Brown Rudnick and William Blair, met to review and discuss further the proposed letter of intent and William Blair's report to the board on recent discussions with SeraCare. Following this report, the board requested that William Blair contact SeraCare to discuss further certain business issues contained in the proposed letter of intent.

On January 30, 2004, all of the members of the board of directors and representatives of Brown Rudnick and William Blair met to review and discuss the latest version of the proposed letter of intent. The version of the proposed letter of intent presented to the board included changes we requested to be included in the letter of intent. Following further discussions, the board voted unanimously to authorize Mr. Wayne Fritzsche to execute and deliver the letter of intent on behalf of our company.

On February 3, 2004, we entered into an exclusive, non-binding letter of intent with SeraCare to negotiate an asset purchase agreement to sell the assets of our BBI Core Businesses.

After the execution of the letter of intent with SeraCare, our board of directors continued to meet formally by telephone conference call and informally on almost a weekly basis to review and discuss SeraCare's proposal, the status of our negotiations and the operations of our business generally. Between February 3, 2004 and April 16, 2004, there were numerous informal meetings and telephone discussions involving representatives of our company, William Blair, our legal counsel, and representatives of SeraCare and its legal counsel. The purpose of these discussions was to assist SeraCare in completing its due diligence and to negotiate and finalize the details of the asset purchase agreement, the schedules to the asset purchase agreement, the various ancillary agreements

contemplated by the asset purchase agreement and generally to continue to progress towards execution of definitive agreements.

On February 5, 2004, all of the members of the board of directors met to discuss the timetable for the proposed transaction.

On February 26, 2004, all of the members of the board of directors and representatives of Brown Rudnick met to discuss Mr. Wayne Fritzsche's report to the full board regarding a meeting he had with Mr. Richard P. Kiphart, a principal stockholder of our company. Mr. Fritzsche reported that he had met with Mr. Kiphart to discuss the proposed transaction with SeraCare, subject to an appropriate agreement by Mr. Kiphart to maintain the confidentiality of these discussions. Mr. Kiphart indicated that, based on the information he was provided, he was in favor of the deal discussed with him.

On March 15, 2004, all of the members of the board and a representative of Brown Rudnick met to discuss the process for evaluating the fairness opinion being requested from William Blair. Legal counsel recommended that the board, including our Audit Committee, thoroughly assess and review the analysis to be performed by William Blair and the actual results of the fairness opinion prior to approving the proposed transaction with SeraCare. The board concurred with this approach.

On March 19, 2004, Mr. Schumacher and representatives of Brown Rudnick, on behalf of the company, and SeraCare and representatives of O'Melveny & Myers, on behalf of SeraCare, had a conference call to review and negotiate the significant issues relating to the asset purchase agreement.

On March 23, 2004, all of the members of the board and a representative of Brown Rudnick met to discuss the progress of and the results of the lengthy negotiations the parties had on the draft asset purchase agreement on March 19, 2004. Mr. Schumacher reported to the board that the meeting went well and that he was optimistic that an agreement could be reached soon.

On April 1, 2004, our board of directors and representatives of Brown Rudnick and William Blair met to review the status of the SeraCare proposal and negotiations. At that meeting William Blair reported to the board its preliminary views regarding the fairness, from a financial point of view, of the potential transaction to our company. William Blair reviewed with the board the results of its investigation and research that formed the basis of its preliminary views. The board also discussed the uses of proceeds from the sale of the BBI Core Businesses to SeraCare, which included using a portion of the proceeds to engage in an issuer tender offer promptly after the closing of the sale to SeraCare and the remaining portion of the proceeds to provide working capital for our pressure cycling technology activities.

After the meeting held on April 1, 2004, our board of directors continued to meet on a regular basis and discussed the terms of the proposed transaction and various strategic alternatives to the sale of the BBI Core Businesses. The discussions of potential strategic alternatives included remaining as an independent company pursuing our historical business, selling or spinning off our pressure cycling technology business and refocusing our efforts on our BBI Core Businesses, securing a strategic partner for our pressure cycling technology operations and continuing to pursue the sale of the BBI Core Businesses. The board also requested and received reports and various projections from management and discussed these reports and projections with management for the purpose of assisting in the board's determination of whether or not to approve the sale to SeraCare.

On April 5, 2004, at a special meeting of our Audit Committee held by teleconference, in which all members of the Audit Committee and representatives of Brown Rudnick and William Blair were present, our Audit Committee further discussed the proposed transaction and the fairness of the proposed transaction to the company and our stockholders.

On April 8, 2004, all of the members of the board, Michael Avallone, our chief financial officer, and representatives of Brown Rudnick met to discuss a financial analysis of the proposed transaction

with SeraCare. The board discussed the use of proceeds from the transaction and cash remaining for our remaining pressure cycling technology operations, including a discussion on taxes and the transaction costs, the amount of capital believed to be necessary to capitalize our pressure cycling technology operations, the amount of cash we expected to have on hand after the closing, and the amount of proceeds from the sale of the BBI Core Businesses that our board desired to allocate to purchase shares of our common stock from our stockholders in an issuer tender offer following the closing of the sale to SeraCare. After further discussion, our board agreed that, at this point in time, if the transaction with SeraCare was completed, shortly following the closing of the sale to SeraCare we would commence a tender offer to purchase up to 6,000,000 shares of our common stock at a purchase price of $3.50 per share.

On each of April 9, 2004 and April 12, 2004, all of the independent members of our board and, in the case of the meeting held on April 9, 2004, representatives of Brown Rudnick, met to discuss the status of the proposed transaction with SeraCare, strategic alternatives available to the company and the fairness of the transaction.

On April 15, 2004, at a meeting of our board of directors, our legal counsel updated the board on the status of the transaction and the final negotiations with SeraCare. At that meeting, William Blair gave a presentation to the board regarding the fairness, from a financial point of view, of the consideration to be received by us under the terms of the asset purchase agreement contemplated by the latest draft as of that date, and delivered an oral opinion to the effect that the consideration to be received by us, was, from a financial point of view, fair to our company. William Blair later confirmed its oral opinion in writing with an opinion letter dated as of April 16, 2004. See Appendix B for a copy of this letter.

On April 16, 2004, our board met again in the morning with our legal counsel and, after carefully evaluating the proposed transaction with SeraCare and taking into account all of the factors previously discussed and considered by the board, the board (including each of the independent directors) unanimously approved the sale of the BBI Core Businesses to SeraCare. In making its determination, the board considered the cash to be received, the overall structure of the transaction, the consideration to be paid for the assets being purchased and the liabilities being assumed, the terms of the asset purchase agreement and the numerous factors and considerations discussed in the section entitled "Reasons for the Sale of our BBI Core Businesses." The board of directors also unanimously resolved to recommend that our stockholders approve the asset purchase agreement and the sale of the assets of our BBI Core Businesses and the transactions contemplated by the asset purchase agreement.

On April 15, 2004 and April 16, 2004 until the execution of the definitive asset purchase agreement, SeraCare and its legal counsel continued their due diligence efforts. During this time, our management, representatives of William Blair and our legal counsel and SeraCare and its legal counsel participated in a series of negotiations and discussions finalizing the terms of the asset purchase agreement and the other related agreements and responding to due diligence inquiries. These negotiations largely covered the provisions related to finalizing the terms of the ancillary agreements, completing the schedules to the asset purchase agreement, and clarifying certain issues related to the assets of the BBI Core Businesses. The changes made to the asset purchase agreement during this time were not material and did not alter the consideration to be received from the version of the asset purchase agreement circulated to the board on April 15, 2004. The asset purchase agreement was executed on April 16, 2004 and we announced the execution of the asset purchase agreement that same day.

Proceeds from the Sale of Assets

SeraCare will pay us approximately $30 million in cash for the assets of our BBI Core Businesses, subject to a post-closing adjustment described below. At the closing, $2.5 million of the purchase price

will be deposited into an escrow account to be held in escrow by an independent escrow agent for a period of 18 months following the closing in order to secure our indemnification obligations to SeraCare under the asset purchase agreement. At the end of the 18 month period, any remaining amounts in the escrow account, after payment of any indemnification claims to date, will be payable to us, subject to any then pending claims. We will receive $27.5 million plus or minus any adjustment amount based on a target net asset value (as defined in the asset purchase agreement) of $8.5 million. As of April 30, 2004, we estimated that our net asset value was approximately $9.0 million. We estimate that we will pay between approximately $4.0 and $4.4 million in federal and state taxes as a result of the sale to SeraCare. We also estimate that our expenses in connection with the sale to SeraCare will be approximately $1.2 million, and we estimate approximately an additional $800,000 of other transaction related costs will be paid in connection with the transaction.

We will retain the proceeds from the sale of our BBI Core Businesses to SeraCare. Shortly following the completion of the proposed transaction, we plan to commence an issuer tender offer to purchase for cash up to 6,000,000 shares of our common stock at a price of $3.50 per share. We will use up to $21.0 million of the after-tax net cash proceeds from the sale to SeraCare to purchase shares of our common stock tendered in the tender offer.

Assuming that all 6,000,000 shares are tendered in the contemplated tender offer, we expect to have approximately $1.0 to $1.5 million remaining to fund our working capital for our pressure cycling technology activities. This amount consists of approximately $1.0 million of cash on hand as of April 30, 2004 (which is not part of the assets being purchased by SeraCare) and the remaining net proceeds from the sale, after taxes and transaction fees. In addition, any portion of the escrowed amount released to us is also expected to be used primarily for working capital for our pressure cycling technology activities. If less than 6,000,000 shares of our common stock are tendered in the tender offer, after-tax net cash proceeds from the sale of the BBI Core Businesses allocated for the tender offer which remain after the tender offer are expected to be used to provide additional working capital for our remaining pressure cycling technology operations. If you decide not to tender your shares in the tender offer, you will continue to be a stockholder in our company; however, trading in our common stock will likely be more difficult due to, among other things, limited trading volume of our stock. You should be aware that although we expect to commence the tender offer shortly following the closing, it is possible that we will not commence the tender offer or the cash payment we expect to offer could be substantially less than we currently anticipate due to unanticipated events or circumstances beyond our control or unforeseen liabilities or contingencies.

Nature of Our Business Following the Sale to SeraCare

Our board of directors has determined that our strategic direction will focus on further developing and growing our pressure cycling technology operations following the completion of the sale to SeraCare. Although we may explore opportunities to acquire, invest in, expand or develop new lines of business, to date our board has determined to focus primarily on this pressure cycling technology strategic direction for our company. Following the closing of the proposed transaction, our operations will consist primarily of our pressure cycling technology business. In addition to our remaining pressure cycling technology business, we will continue to own a 30% ownership interest in the newly formed limited liability company that recently purchased our BBI Source Scientific assets, and our 4.45% passive ownership interest in Panacos Pharmaceuticals, Inc.

Reasons for the Sale of our BBI Core Businesses to SeraCare

In reaching its determination to approve the sale to SeraCare, the asset purchase agreement and related agreements, our board of directors consulted with our management and our financial and legal advisors, and considered a number of factors. We are proposing to sell our BBI Core Businesses to SeraCare because we believe that the sale and the terms of the related asset purchase agreement are in

the best interests of our company and our stockholders. In reaching its determination to sell the BBI Core Businesses, our board of directors considered a number of factors, including those described below:

Operating History and Financial Condition. Our board of directors considered the current and historical financial condition and results of operations of the BBI Core Businesses, as well as our strategic objectives, the growth potential of our BBI Core Businesses and the financial resources necessary to achieve the growth potential, the commercialization of and potential growth of our pressure cycling technology product platform and the capital necessary to fund further development and commercialization, and the current and historical financial condition and results of operations of our BBI Source Scientific business unit and the potential sale of assets of BBI Source Scientific. Our board considered the fact that during much of the last six years, we funded our pressure cycling technology activities through internally generated funds from our BBI Core Businesses and, to a lesser extent, from NIH grants. The board also considered the fact that internal funding of our pressure cycling technology operations limited our ability to invest in our BBI Core Businesses. Our board believes that future research and development costs and sales and marketing costs for our pressure cycling technology business, if funded internally from our BBI Core Businesses, will continue to limit the potential of our BBI Core Businesses. We also believe that to grow our BBI Core Businesses we will need additional funds, which may be difficult to obtain given an increasingly competitive market while continuing to fund our pressure cycling technology operations. Based on the foregoing, our board of directors concluded that we should focus on either the BBI Core Businesses or our pressure cycling technology business due to, among other things, the limited availability of funds and our limited access to capital, as well as the resources and management time required to develop each of these businesses, both of which involve different markets, products and customers.

Strategic Alternatives. The decision of our board of directors to approve and recommend the sale of our BBI Core Businesses was the result of an extended evaluation process. During the last two years, our board and senior management have, from time to time, evaluated and considered a number of alternatives. Among these were:

Remain as we are and continue to fund the research and development and sales and marketing requirements of our pressure cycling technology business unit from existing cash flow from our BBI Core Businesses. Our board of directors determined that this strategy would be viable in the short term but was unlikely to be sustainable without securing significant additional funding. Furthermore, our board concluded that our BBI Core Businesses would suffer rather than grow and improve if funds generated by these businesses were not reinvested. We believe that the BBI Core Businesses will require additional capital in order to grow and improve, which may be difficult in an increasingly competitive market while continuing to fund our pressure cycling technology operations. Our board also believes that our pressure cycling technology operations are not valued appropriately by the capital markets because these operations are combined with our BBI Core Businesses. Therefore our stockholders have been unable to realize the value of our pressure cycling technology operations from the trading price of our common stock.

Sell or spin-off our pressure cycling technology operations and refocus our efforts on our BBI Core Businesses. Our board of directors believes that this strategy does not allow the company or our stockholders to obtain the true value of our pressure cycling technology business. The board believes that because our pressure cycling technology business needs further development and has had very limited sales to date, we are unlikely to sell that business for a price that the board deemed to be fair to stockholders in light of the substantial investment made by our company in this technology. This belief is substantiated by the fact that the parties who expressed interest in engaging in a transaction with us were not interested in acquiring our pressure cycling technology operations for any significant additional consideration nor have we received any significant interest from third parties in acquiring our pressure cycling technology in

the context of William Blair's solicitation of interested parties in our BBI Core Businesses. The board also believes that it is not in our best interests to spin-off our PCT business unit because it would be difficult to fund that business following the spin-off and there would be significant costs associated with such a spin-off.

Secure a strategic partner to share the cost of operating and funding our pressure cycling technology business unit in exchange for some rights to our pressure cycling technology. The purpose of this approach would be to fund pressure cycling technology research and development and sales and marketing costs until we achieve positive cash flow and profitability. However, our board of directors believes that our pressure cycling technology is still relatively early in the commercialization process and, therefore, we are unlikely to secure such a strategic partner or we would need to give up disproportionately greater value to obtain funding from a strategic partner now, rather than in later stages of development when we might have additional products and commercial sales. Our board of directors believes that the longer we retain control over our pressure cycling technology product platform, the more valuable our pressure cycling technology products will become to potential partners, licensees and/or acquirers. Therefore our board of directors believes that our stockholders will have an opportunity to benefit from the potential improved valuation if we continue to pursue our pressure cycling technology independently.

Sell the BBI Core Businesses and become focused solely on further developing and commercializing our pressure cycling technology products. Our board of directors believes this approach positions us in what we believe to be some of the most promising prospects for our company. More specifically, based on reports from industry analysts, we estimate that the overall molecular biology consumables market is about $3 billion, and that the overall proteomics market is about $1.5 billion. We believe that our current PCT sample preparation products have the potential to fill important needs within these markets, although the actual size of the markets for our PCT preparation sample products will be less than the overall molecular biology consumables market and the overall proteomics market. We believe our PCT technology also has a number of other applications outside the sample preparation market, applications in which we have already been granted patents and have developed "proof-of-principle". We also estimate that the market potential for our quality controls products does not provide the same level of opportunities for our company's growth and prospects.

Our board recognized, however, that we have neither the financial ability nor the infrastructure to continue to concurrently develop both our quality control and PCT line of products. Therefore, based on an assessment of both the current and future potential markets for quality control products and PCT products, our board of directors concluded that the potential markets for PCT products positioned us to be in more promising areas than our quality control products. This approach will also provide us with the opportunity to use a majority of the proceeds from the sale of assets to engage in an issuer tender offer following the closing which will provide our stockholders with the opportunity to tender their shares of our common stock for $3.50 per share and sell their shares of our common stock in an otherwise relatively illiquid stock. It also gives our stockholders the opportunity to continue their investment in our remaining pressure cycling technology activities by choosing not to tender their shares of our common stock in our issuer tender offer. Furthermore, it also allows investors who prefer an intermediate approach to tender some of their shares of common stock for cash, and to keep their remaining shares as an investment in our pressure cycling technology activities. Our board believes this approach also provides us with the ability to use our remaining cash on hand as of the closing (estimated to be approximately $1.0 million as of April 30, 2004), which is not being purchased by SeraCare, together with any remaining proceeds from the sale of the BBI Core Businesses after taxes, transaction costs and the completion of the contemplated tender offer, to pursue the further

development of our pressure cycling technology product platform and our sales and marketing efforts.

After careful consideration and consultation with financial industry experts and other professionals, our board of directors decided that stockholders were likely to benefit most if we were to successfully pursue the sale of the BBI Core Businesses to SeraCare.

Our board of directors has identified various benefits that are likely to result from the sale of our BBI Core Businesses to SeraCare pursuant to the asset purchase agreement. The board believes the sale of these businesses will:

- allow us to devote substantially all of our energies and resources to development and growth of our pressure cycling technology operations;

- permit us to use our remaining cash on hand estimated to be approximately $1.0 million as of April 30, 2004 (which is not being purchased by SeraCare) together with any remaining net proceeds, after taxes and transaction costs, to meet our need for capital for approximately 18 months to market and implement our pressure cycling technology business strategy, although it is likely that additional capital will be required after such 18 month period;

- provide us with an improved organizational focus; and

- when combined with the contemplated issuer tender offer, give our stockholders the opportunity to sell their shares of our common stock for $3.50 per share, a substantial premium over the $2.65 closing price of our common stock on the day before we announced the sale to SeraCare, to chose to continue their investment in our remaining pressure cycling technology activities by not tendering their shares of our common stock in the issuer tender offer, or to tender some of their shares of common stock and keep their remaining shares as an investment in our pressure cycling technology activities.

The amount of cash we receive will vary, depending on some future contingencies, and is described under "Asset Purchase Agreement; Purchase Price; Escrow and Post-Closing Adjustment".

In arriving at its determination that the sale to SeraCare is in the best interests of our company and our stockholders, the board of directors carefully considered the terms of the asset purchase agreement as well as the potential impact of the sale on our company. As part of this process, the board of directors considered the advice and assistance of its outside financial advisors and legal counsel. In determining to authorize the sale to SeraCare, the board of directors considered the benefits and factors set forth above as well as the following factors:

- the oral opinion provided to our board of directors on April 15, 2004, which was confirmed in writing by an opinion letter dated as of April 16, 2004 from William Blair & Company, LLC, our company's financial advisor, that the consideration to be received by our company from the sale to SeraCare is fair to us from a financial point of view;

- the fact that SeraCare's offer was superior to the other offers we received, both in terms of aggregate consideration and terms and conditions of the asset purchase agreement;

- the fact that our remaining cash on hand estimated to be approximately $1.0 million as of April 30, 2004 (which is not being purchased by SeraCare) together with the after tax net proceeds from the sale to SeraCare will permit us to (i) fund our remaining pressure cycling technology operations for approximately 18 months; at that time, depending upon the amount of funds, if any, released from escrow pursuant to the escrow agreement we may need additional financing for working capital for our remaining operations and (ii) engage in an issuer tender offer for shares of our common stock to provide our stockholders with the opportunity to either sell their shares of common stock or remain as a stockholder in our remaining operations, or both;

- the terms and conditions of the asset purchase agreement, including a provision which allows our board to consider unsolicited offers to purchase the BBI Core Businesses which are superior to SeraCare's offer, subject to the terms of the asset purchase agreement; and

the fact that the sale of our BBI Core Businesses must be approved by the holders of two-thirds of our common stock outstanding and entitled to vote at the special meeting, which ensures that the sale will not take place unless most of our stockholders approve.

Our board also considered the numerous risks associated with either engaging in the proposed sale to SeraCare or failing to engage in the proposed sale, as further described below under the heading "Risk Factors Special Considerations You Should Take into Account in Deciding How to Vote on the Proposal to Sell Our BBI Core Businesses to SeraCare." These risks, which should be considered by you in determining how to vote for this proposal, include the following:

the risk that the transaction with SeraCare may not be completed due to the failure to satisfy or waive conditions to closing;

the amount of cash we receive in the proposed transaction may vary, depending on some future contingencies, including the net asset value of our company at closing and the possibility of our indemnification obligations for breaches of our representations, warranties and covenants in the asset purchase agreement, so it is possible we may not receive all of the cash provided for in the asset purchase agreement;

although we expect to engage in an issuer tender offer promptly following the closing of the sale to SeraCare, you will not receive any of the proceeds from the sale of our BBI Core Businesses unless we complete the tender offer and you tender your shares;

under the asset purchase agreement, we remain exposed to certain contingent liabilities relating to the BBI Core Businesses, which could adversely affect our ability to pursue our remaining business operations or our ability to engage in an issuer tender offer following the closing;

unforeseen liabilities and expenses may be incurred that may limit the amount of after tax net proceeds from the sale to SeraCare available to engage in the contemplated issuer tender offer and to fund our remaining business activities;

the proposed sale to SeraCare could disrupt the operations of our remaining business and adversely impact our plan for the remaining business; we will be unable to compete against the BBI Core Businesses for five years from the date of closing;

under certain circumstances, we may be required to pay a termination fee to SeraCare if the transaction is not completed and we engage in another acquisition transaction within twelve months following termination;

if our stockholders do not approve the sale of our BBI Core Businesses, there may not be any other offers from potential acquirors;

if the sale to SeraCare is not completed, we may need additional funds to maintain or grow our BBI Core Businesses and we may not have sufficient funds to develop our pressure cycling technology operations; there can be no assurance that we will obtain such sufficient financing on acceptable terms;

if the sale to SeraCare is not completed, our BBI Core Businesses may have been disrupted, as a result of customer and vendor reaction, diversion of management attention and costs of the transaction, to an extent that jeopardizes the ongoing viability of the BBI Core Businesses;

the failure to complete the sale to SeraCare may result in a decrease in the market value of our common stock and may create substantial doubt as to our ability to grow and implement our current business strategies;

by completing the sale to SeraCare, we will become less diversified, and our business will become dependent on the success of our pressure cycling technology products and services,

33

which has a limited operating history, has incurred losses and has generated a limited amount of revenues to date;

the sales cycle of our pressure cycling technology products has been lengthy and as a result, we have incurred and may continue to incur significant expenses before we generate any significant revenues related to those products;

we may need additional financing for our pressure cycling technology activities and there can be no assurance that we will obtain such financing on acceptable terms;

we may be unable to adequately respond to rapid changes in technology; and

following the closing of the sale to SeraCare, our stockholders' ability to sell their stock may be extremely limited.

The foregoing discussion of the information and factors considered by our board of directors is not intended to be exhaustive, but does include the material factors considered. In view of the complexity and wide variety of information and factors, both positive and negative, considered by the board, it is not practical to quantify, rank, or otherwise assign relative or specific weights to the factors considered. In addition, the board did not reach any specific conclusion with respect to each of the factors considered, or any aspect of any particular factor. Instead, the board conducted an overall analysis of the factors described above, including discussions with management and legal, financial and accounting advisors. In considering the factors described above, individual members of the board may have given different weight to different factors. The board considered all of these factors in totality and concluded, on the whole, such factors supported its determination to approve the sale to SeraCare. After taking into consideration all of the factors set forth above, our board of directors, following consultation with its legal and financial advisors, concluded that the sale to SeraCare is fair to, and in the best interests of, our company and our stockholders, and that we should proceed with the sale.

Recommendation of the Board of Directors

The board of directors has determined that the sale of our BBI Core Businesses to SeraCare is fair to, and in the best interests of, our company and our stockholders. **The board of directors unanimously approved the asset purchase agreement and the proposed sale contemplated thereby, and unanimously recommends that the stockholders vote in favor of the proposal to sell the assets of our BBI Core Businesses to SeraCare, pursuant to the asset purchase agreement, including the transactions contemplated thereby**.

Opinion of Financial Advisor

We retained the firm of William Blair & Company, LLC to advise us in the evaluation of strategic opportunities aimed at increasing shareholder value. As part of its engagement, we requested William Blair to render a fairness opinion relating to the consideration to be received by our company in connection with the proposed sale to SeraCare. We selected William Blair based on their principals' qualifications and expertise, including the fact that William Blair's principals have significant experience in the valuation of businesses in connection with mergers and acquisitions, public and private financings and other transactions. William Blair is an investment bank based in Illinois, and as part of its investment banking practice, advises companies on mergers, acquisitions, and similar transactions. William Blair is actively engaged in the investment banking business and regularly undertakes the valuation of businesses and their securities in connection with private placements, business combinations and similar transactions.

At a meeting of our board of directors on April 15, 2004, William Blair delivered its oral opinion, and subsequently confirmed in writing in an opinion dated April 16, 2004, that, as of such date and based upon and subject to the assumptions and other matters described in its written opinion and

described below, the proposed consideration to be received by us in the sale to SeraCare was fair, from a financial point of view, to our company.

As described in its opinion, William Blair assumed and relied upon the accuracy and completeness of all information examined or otherwise reviewed or discussed with William Blair. William Blair did not make or obtain an independent appraisal of the purchased assets or assumed liabilities (contingent or otherwise) of our BBI Core Businesses or of any of our other assets or liabilities or of our solvency. With respect to financial forecasts and projections prepared by our management, William Blair relied upon the assurances of our management that such forecasts and projections were reasonably prepared on bases reflecting the best currently available estimates and judgments of our management. William Blair relied upon each party to advise it promptly if any information previously provided or discussed with William Blair became inaccurate or was required to be updated during the period of its review. We did not impose any limitations on William Blair with respect to the investigations made or procedures followed by it in connection with the rendering of its opinion.

In performing its analyses, William Blair also made numerous assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond our control. The analyses performed by William Blair are not necessarily indicative of actual values, trading values or actual future results, which might be achieved, all of which may be significantly more or less favorable than suggested by such analyses. Such analyses were prepared solely as part of William Blair's analysis of the fairness of the financial terms and conditions of the transaction from a financial point of view and were provided to our board of directors. The analyses do not purport to be appraisals or to reflect the prices at which businesses or securities might be sold. In addition, the opinion of William Blair was one of many factors taken into consideration by the board of directors in making its determination to approve the transaction. Consequently, the analyses described below should not be viewed as determinative of the opinion of the board of directors' with respect to the value of our BBI Core Businesses.

William Blair's opinion is addressed to the board of directors and is directed only to the fairness, from a financial point of view, of the consideration to be received by us pursuant to the asset purchase agreement and not to the merits of the underlying business decision to effect the sale to SeraCare, the structure or tax consequences of the asset purchase agreement, the availability or advisability of any alternatives to the sale of the BBI Core Businesses, or any potential issuer tender offer to be engaged in by us following the closing. William Blair's opinion does not constitute a recommendation that our company approve and consummate the asset purchase agreement nor does it constitute a recommendation to any stockholder as to how that stockholder should vote at the special meeting.

The complete text of William Blair's opinion, which sets forth the assumptions made, matters considered and limitations on and scope of the review undertaken by William Blair, is attached to this proxy statement as Appendix B, and the summary of William Blair's opinion set forth in this document is qualified in its entirety by reference to its written opinion. Stockholders are urged to read William Blair's opinion carefully and in its entirety for a description of the procedures followed, the factors considered and the assumptions made by William Blair.

In arriving at its opinion, William Blair took into account general economic, market and financial conditions as well as its experience in connection with similar transactions and valuations generally. In addition, among other things, William Blair reviewed and considered:

the terms and conditions stated in the asset purchase agreement;

certain audited historical financial statements for our company for the three years ended December 31, 2003;

our Annual Report on Form 10-K for the year ended December 31, 2003;

certain of our internal business, operating and financial information prepared by our senior management, including financial statements by operating units for the fiscal years ending December 31, 2001, 2002 and 2003;

certain internal business, operating and financial information and forecasts of the BBI Core Businesses for the fiscal years ending 2004 through 2008;

the financial position and operating results of the BBI Core Businesses compared with those of certain other publicly traded companies that William Blair deemed relevant;

information regarding publicly available financial terms of certain other business combinations William Blair deemed relevant;

current and historical market prices and trading volume of our common stock;

press releases issued by us in 2002, 2003 and 2004;

discussions with members of senior management of our company relating to the items described above; and

other matters it deemed relevant to their inquiry, such as accepted financial and investment banking procedures.

William Blair discussed the above considerations with members of our senior management on several occasions between the signing of the non-binding letter of intent with Seracare on February 3, 2004, and the execution of the definitive asset purchase agreement on April 16, 2004. These discussions were conducted primarily with Richard T. Schumacher, our Chief Executive Officer, Kevin W. Quinlan, President and Chief Operating Officer, and Michael Avallone, Vice President and Chief Financial Officer. During these discussions, we informed William Blair of the details of the asset purchase agreement and responded to William Blair's due diligence inquiries regarding the operations of our business, our historical financial results, and the financial forecasts and projections for our BBI Core Businesses prepared by our management team.

William Blair did not express any opinion as to the price at which our common stock would trade at any future time. Those trading prices could be affected by a number of factors, including but not limited to:

changes in the prevailing interest rates and other factors which generally influence the price of securities;

adverse changes in the current capital markets;

the occurrence of adverse changes in the financial condition, business, assets, results of operations or prospects of our company or in the products and markets we serve;

any necessary actions by or restrictions of federal, state or other governmental agencies or regulatory authorities; and

timely completion of the asset purchase agreement on the terms and conditions that are acceptable to all parties in interest.

The opinion was based on market, economic, financial and other circumstances and conditions existing and disclosed to William Blair as of April 16, 2004, and although subsequent developments could affect its opinion, William Blair expressly disclaimed any obligation to update, revise or reaffirm their opinion. In rendering its opinion, William Blair assumed that the sale to SeraCare would be consummated on the terms described in the asset purchase agreement, without any waiver of material terms and conditions by us and without giving effect to any adjustments to the total consideration which may be contemplated pursuant to the asset purchase agreement.

Based on this information, William Blair performed a variety of financial analyses of the proposed sale to SeraCare and the consideration to be received by us in connection therewith. The following paragraphs summarize the material financial analyses performed by William Blair in arriving at its opinion.

Fairness Opinion Analysis

The following is a summary of the analyses performed by William Blair in connection with the preparation of the opinion. This summary is not a complete description of the analyses underlying the opinion. William Blair's opinion regarding the fairness of the consideration to be received by us was not based on any one analysis or any particular subset of these analyses but rather gave consideration to all of the analyses taken as a whole.

Comparable Public Company Analysis. William Blair reviewed and compared certain financial information relating to the BBI Core Businesses to corresponding financial information, ratios and public market multiples for certain publicly traded companies. William Blair selected publicly traded companies in the diagnostics and controls industries with equity market values less than $250.0 million that engaged in businesses reasonably comparable to those of our BBI Core Businesses. The companies selected by William Blair were BioSource International, Inc., Cholestech Corporation, Discovery Partners International, Inc., Meridian Diagnostics, Inc. and Trinity Biotech plc.

None of the selected companies is identical to our business. Accordingly, any analysis of the selected publicly traded companies necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics and other factors that would necessarily affect the analysis of trading multiples of the selected publicly traded companies.

Among the information William Blair considered was revenue; earnings before interest, taxes, depreciation and amortization (commonly referred to as "EBITDA") and earnings before interest and taxes (commonly referred to as "EBIT"). William Blair analyzed the selected companies in terms of the enterprise value as a multiple of revenue, EBITDA and EBIT. Enterprise value is calculated as equity market value, plus book value of debt, less cash and cash equivalents and is significant because it represents the overall value of an entity. The operating results and the corresponding derived multiples for the BBI Core Businesses and each of the selected companies were based on each company's most recent available publicly disclosed financial information for the last 12 months ("LTM"). In addition, William Blair was provided additional information by our management team regarding the BBI Core Businesses for the time period detailed above that was not publicly available. The closing share price for the comparable public companies used in the analysis was as of April 14, 2004. The enterprise value of the transaction for the BBI Core Businesses was $30.0 million.

William Blair then compared the implied transaction multiples for the BBI Core Businesses to the range of trading multiples for the selected companies. Information regarding the multiples from William Blair's analysis of selected publicly traded companies is set forth in the following table.

	Implied Transaction Multiples	Selected Public Company Valuation Multiples			
		Minimum	Median	Mean	Maximum
Enterprise Value/LTM Revenue	1.38x	1.38x	2.07x	2.02x	2.64x
Enterprise Value/LTM EBITDA	12.7x	9.7x	12.0x	12.8x	17.5x
Enterprise Value/LTM EBIT	22.9x	12.6x	16.3x	15.6x	17.9x

Comparable Transactions Analysis. William Blair analyzed similar business combinations announced and closed since 1997 in the diagnostics and controls industries with equity market values less than $250.0 million, in which the target company engaged in businesses reasonably comparable to those of our BBI Core Businesses. In total, William Blair examined 11 transactions that had publicly

available information. The transactions were chosen based on William Blair's judgment that they were generally similar, in whole or in part, to the proposed sale of our BBI Core Businesses to SeraCare. The selected transactions were not intended to be representative of the entire range of possible transactions in the industry. The 11 transactions examined were (target/*acquirer*):

Chemicon International, Inc./ *Serologicals Corporation*

Visible Genetics Inc./ *Bayer Corporation*

SeraCare, Inc. / *Grupo Grifols, S.A.*

Xenometrix, Inc./ *Discovery Partners International, Inc.*

AccuMed International, Inc. / *Ampersand Medical Corporation*

Molecular Biosystems, Inc. / *Alliance Pharmaceutical Corporation*

Metra Biosystems, Inc. / *Quidel Corporation*

Gull Laboratories, Inc. / *Meridian Bioscience, Inc.*

Biowhittaker Inc. / *Cambrex Corporation*

Imex Medical Systems, Inc. / *Nicolet Biomedical Inc.*

Incstar Corporation / *American Standard Companies Inc.*

Although William Blair analyzed the multiples implied by the selected transactions and compared them to the implied transaction multiples of the sale of the BBI Core Businesses, none of these transactions or associated companies is identical to the sale of the BBI Core Businesses. Accordingly, any analysis of the selected transactions necessarily involved complex considerations and judgments concerning the differences in financial and operating characteristics, parties involved and terms of their transactions and other factors that would necessarily affect the implied value of the BBI Core Businesses versus the values of the companies in the selected transactions.

William Blair reviewed the consideration paid in the selected transactions in terms of the enterprise value of such transactions as a multiple of LTM revenue, EBITDA and EBIT prior to the announcement of these transactions. William Blair compared the resulting range of transaction multiples of revenue, EBITDA and EBIT for the selected transactions to the implied transaction multiples for the sale of the BBI Core Businesses. Information regarding the multiples from William Blair's analysis of selected transactions is set forth in the following table:

		Selected Transaction Valuation Multiples			
	Implied Transaction Multiples	**Minimum**	**Median**	**Mean**	**Maximum**
Enterprise Value/LTM Revenue	1.38x	1.09x	2.21x	2.75x	10.28x
Enterprise Value/LTM EBITDA	12.7x	6.2x	12.2x	13.6x	24.6x
Enterprise Value/LTM EBIT	22.9x	12.7x	16.2x	22.6x	46.1x

Discounted Cash Flow Analysis. William Blair performed a discounted cash flow analysis based on the future earnings stream and corresponding cash flow of the projected five year financial performance of our BBI Core Businesses. We provided William Blair with projections for calendar years 2004 through 2008 for our BBI Core Businesses based on certain assumptions by our management regarding the performance of our BBI Core Businesses. In conducting this analysis, William Blair used discount rates ranging from 15.0% to 19.0% and calculated a terminal value at the end of fiscal year 2008 by assuming the free cash flow would grow in perpetuity beyond 2008 at annual growth rates ranging from 3.0% to 5.0%. The discount rates utilized in this analysis were chosen based upon an analysis of the weighted average cost of capital of our company. The growth rates utilized were chosen based upon

William Blair's discussion with our company regarding the historical growth rates and long-term growth prospects of our BBI Core Businesses. Based on William Blair's analysis, the implied enterprise value of our BBI Core Businesses ranged from $16.1 million to $25.2 million. Discounted cash flow analysis is a widely used valuation methodology, but it relies on numerous assumptions, including asset values and earnings growth rates, terminal values and discount rates.

Other Information. The summary set forth above does not purport to be a complete description of the analyses of data underlying William Blair's opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. William Blair believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering the analyses taken as a whole, would create an incomplete view of the process underlying the analyses set forth in its opinion. In addition, William Blair considered the results of all such analyses and did not assign relative weights to any of the analyses, so the ranges of valuations resulting from any particular analysis described above should not be taken to be William Blair's view of the actual value of our BBI Core Businesses.

In summary, William Blair based its opinion on the totality of the analyses it conducted and not on any single analysis. William Blair may have given various valuation ranges more or less weight than other valuation ranges, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described above should not be taken to be William Blair's view of the actual value of the BBI Core Businesses.

We hired William Blair based on its qualifications and expertise in providing financial advice to companies and on its reputation as a nationally recognized investment banking firm. Pursuant to a letter agreement, dated October 25, 2002, William Blair was paid a retainer fee of $50,000 for its role as financial advisor and is entitled to an additional $100,000 upon the delivery of its opinion, dated April 16, 2004, as to the fairness to the Company, from a financial point of view, of the transaction consideration to be paid by SeraCare pursuant and subject to the conditions set forth in the asset purchase agreement. In addition, under the terms of the October 25, 2002 letter agreement, William Blair will receive an additional fee of $450,000 contingent upon consummation of the transaction. In addition, we have agreed to reimburse William Blair for its out-of-pocket expenses (including fees and expenses of its counsel) reasonably incurred by it in connection with its services and will indemnify William Blair against certain liabilities that may arise out of its engagement.

Mr. Richard P. Kiphart, an investor who beneficially owns or controls approximately 23% of the outstanding shares of our common stock as of December 31, 2003, is a Principal and Head of the Corporate Finance Department of William Blair. Mr. Kiphart did not assist William Blair in giving its fairness opinion in the proposed transaction. Mr. Kiphart has agreed to vote his shares in favor of the sale to SeraCare, as described further under the section "Asset Purchase Agreement; Other Agreements Relating to the Asset Sale; Voting Agreements."

William Blair has consented to the descriptions of its opinion in, and the inclusion of its opinion as an annexed to, this proxy statement.

Regulatory Approvals

There are no material United States or state regulatory approvals required for the completion of the sale to SeraCare other than the approval of the asset purchase agreement by our stockholders under the corporate law of the Commonwealth of Massachusetts. As described further below under "Asset Purchase Agreement; Other Agreements Relating to the Asset Sale; Government Contracts", we have agreed with SeraCare that following the closing we will request the appropriate governmental authorities to novate certain identified government contracts.

Appraisal Rights

General. The following discussion is not a complete statement of the law pertaining to appraisal rights under the Massachusetts Business Corporation Act ("MBCA"), and is qualified in its entirety by the full text of Part 13, Dissenters' Rights, Sections 13.01 through 13.31 of Chapter 156D of the MBCA, which is provided in its entirety as Appendix C to this proxy statement.

Under Section 13.02(a)(3) of Chapter 156D of the MBCA, a stockholder of a Massachusetts corporation is entitled to appraisal rights and may obtain payment of the fair value of his or her shares upon completion of a sale of all or substantially all of the property of a corporation, provided that the stockholder properly perfects his or her appraisal rights. The enforcement by a stockholder of a request to receive payment for shares of common stock under the MBCA is an exclusive remedy and the stockholder may not challenge the action creating his or her entitlement to appraisal rights unless the action is unlawful or fraudulent with respect to the stockholder or the corporation.

Under Section 13.20 of Chapter 156D of the MBCA, when a proposed sale of all or substantially all of the assets of a corporation is to be submitted to a vote at a meeting of stockholders, as in the case of the special meeting, the meeting notice must state that the corporation has concluded that stockholders are, are not or may be entitled to assert appraisal rights under Massachusetts law and include in that meeting notice a copy of Part 13 of the MBCA. This proxy statement constitutes notice to the holders of our common stock that they are entitled to appraisal rights under Massachusetts law. The applicable statutory provisions of the MBCA are attached to this proxy statement as Appendix C. For purposes of this summary, the term "stockholder" shall have the same meaning as defined in Part 13 of Chapter 156D, that is, the stockholder of record (i.e., the stockholder listed in our stock records maintained by our transfer agent) or the beneficial owner of the shares.

Any stockholder who wishes to exercise appraisal rights or who wishes to preserve that right should review carefully the following discussion and Appendix C to this proxy statement. Moreover, because of the complexity of the procedures for exercising the right to seek appraisal of shares of common stock and the fact that Part 13 of Chapter 156D becomes effective on July 1, 2004, we believe that stockholders who consider exercising such appraisal rights should seek the advice of counsel, which counsel will not be paid for by us. **Failure to strictly comply with the procedures specified in Part 13 of Chapter 156D of the MBCA will result in the loss of appraisal rights.**

Notice of Intent and Demand for Payment. Any holder of our common stock wishing to exercise the right to demand appraisal under Part 13 of the MBCA must satisfy each of the following conditions:

as more fully described below, before the vote on the proposal to approve the sale to SeraCare is taken the stockholder must deliver to us written notice of the stockholder's intent to demand payment for his or her shares if the proposed transaction is completed. The written notice should be delivered to Boston Biomedica, Inc., 375 West Street, West Bridgewater, Massachusetts 02379, Attention: Kathleen W. Benjamin, Clerk. We recommend you send your notice to us by registered or certified mail, return receipt requested; and

the stockholder must not vote, or cause or permit to be voted, any shares in favor of the proposal to approve the sale to SeraCare at the special meeting. If you file the required written objection with us before the stockholder vote, you do not need to vote against the proposed sale to SeraCare. However, a vote in favor of the sale will result in a waiver of your statutory appraisal rights with respect to the transaction. If you return a proxy which is signed, but which is not marked with a direction as to how the proxy is to be voted on the proposed sale to SeraCare and you do not revoke the proxy, it will be voted "FOR" the proposal to approve the sale to SeraCare, and you will not be able to exercise your appraisal rights.

In general, a stockholder may assert appraisal rights only if the stockholder seeks them with respect to all of the holder's shares of common stock. If you are a stockholder of record for more than one beneficial stockholder, you may assert appraisal rights with respect to fewer than all the shares registered in your name as holder of record, provided that you notify us in writing of the name and address of each beneficial stockholder on whose behalf you are asserting appraisal rights. For a beneficial stockholder to assert appraisal rights, the beneficial stockholder must submit to us the record stockholder's written consent to the assertion of such rights not fewer than 40 nor more than 60 days after we send out written notice to the stockholder of appraisal rights, as described below. **Stockholders who hold their shares in brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their brokers to determine the appropriate procedures for the making of a demand for appraisal by the nominee.**

Appraisal Notice and Form. If the sale to SeraCare is completed, within 10 days after the completion of the transaction, we will deliver a written appraisal notice and a form containing certain information to all stockholders who have satisfied the requirements to provide us notice of the stockholder's intent to demand appraisal rights and who have not otherwise voted in favor of the proposal to approve the sale to SeraCare, as further described above under "Notice of Intent and Demand for Payment." The appraisal notice we supply will include a copy of Part 13 of Chapter 156D of the MBCA and a form that specifies the date of the first announcement to stockholders of the principal terms of the proposed sale. The form we supply also requires the stockholder asserting appraisal rights to certify (i) whether or not beneficial ownership of the shares for which appraisal rights are asserted were acquired before the date of the first announcement of the proposed sale to SeraCare and (ii) that the stockholder did not vote for the sale to SeraCare. The form provided with the appraisal notice will state:

where the form shall be sent and where certificates for shares, if certificated, shall be deposited and the date by which those certificates shall be deposited;

a date by which we must receive the form, which will not be fewer than 40 nor more than 60 days after the date the appraisal notice and form are sent, and that the stockholder shall have waived the right to demand appraisal with respect to such shares unless the form is received by us by the specified date;

our estimate of the fair value of the shares;

that, if requested in writing, we will provide to a requesting stockholder, within 10 days after the date on which we must receive the form from stockholders, the number of stockholders who return the forms by the specified date and the total number of shares owned by them; and

the date by which the stockholder may withdraw his or her notice of intent to demand appraisal rights, which date will be within 20 days after the date on which we must receive the form from the stockholder.

Perfection of Rights. As mentioned above, a stockholder who receives the appraisal notice described above and who wishes to exercise his or her appraisal rights shall certify on the form provided by us whether the beneficial owner of the shares acquired the shares before the date of the first announcement of the proposed sale to SeraCare, as described above under "Appraisal Notice and Form". If a stockholder fails to make this certification, we may elect to treat those shares as "after-acquired shares", for which payment is treated differently as described in detail under Section 13.25 of Chapter 156D. A stockholder who wishes to exercise appraisal rights shall execute and return the form provided by us and, in the case of certificated shares, deposit his or her stock certificates in accordance with the terms of the notice by the date referred to in the appraisal notice described above. Once a stockholder deposits his or her stock certificates or, in the case of uncertificated shares, returns the executed forms, that stockholder loses all rights as a stockholder (including rights to participate in any

tender offer that we may engage in following the closing), unless the stockholder withdraws his or her election in accordance with the withdrawal procedures, which are summarized below.

Withdrawal of Appraisal Rights. A stockholder who has otherwise properly perfected his or her appraisal rights may decline to exercise his or her appraisal right and withdraw from the appraisal process by notifying us in writing by the date set forth in the appraisal notice described above. If the stockholder fails to withdraw from the appraisal process before the expiration of the withdrawal period, you may not thereafter withdraw without our written consent.

Payment. Within 30 days after the date on which the stockholder is required to deliver to us the form described above under "Appraisal Notice and Form", we will pay in cash to each stockholder who has properly perfected their appraisal rights, the amount we estimate to be the fair value of their shares, plus interest. The payment to each stockholder will be accompanied by:

- our financial statements, which will consist of a balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, an income statement for that year, a statement of changes in stockholders' equity for that year, and the latest available interim financial statements, if any;

- a statement of our estimate of the fair value of the shares, which estimate will equal or exceed our estimate given with the appraisal notice. We expect to base our estimate of fair value based upon those techniques consistently upheld under Massachusetts caselaw, which are described further below under the heading "Determination of Fair Value"; and

- a statement that stockholders may demand further payment if the stockholder is dissatisfied with the payment or offer in accordance with the procedures set forth in Section 13.26 of Chapter 156D (as described below) and that if any such stockholder does not make such demand within the time period specified therein, then that stockholder shall be deemed to have accepted the payment in full satisfaction of our obligations under the applicable provisions of the MBCA.

Notwithstanding the foregoing, in the event that the stockholder is demanding payment for "after-acquired shares", we may elect to withhold payment. If we elect to withhold payment, we must, within 30 days after the date on which the stockholder is required to deliver to us the form described above under "Appraisal Notice and Form", we notify all stockholders who have "after-acquired shares":

- of the information in our financial statements (as described in the first bullet point in the preceding paragraph);

- of our estimate of the fair value of the shares, which estimate will equal or exceed our estimate given with the appraisal notice;

- that the stockholders may accept our estimate of fair value, plus interest, in full satisfaction of their demands or demand appraisal under Section 13.26 of Chapter 156D;

- that those stockholders who wish to accept our offer shall notify us of their acceptance within 30 days after receiving our offer; and

- that those stockholders who do not satisfy the requirements for demanding appraisal under Section 13.26 shall be deemed to have accepted our offer.

Within 10 days after receiving the stockholder's acceptance of our offer, we will pay in cash the amount we offered to each stockholder who agreed to accept our offer in full satisfaction of the stockholder's demand. Within 40 days after sending the notice to holders of "after-acquired shares", we must pay in cash the amount we offered to pay to each stockholder who does not satisfy the requirements for demanding appraisal under Section 13.26.

Procedure if Stockholder is Dissatisfied with Payment or Offer. Within 30 days after receipt of payment for a stockholder's shares, a stockholder who is dissatisfied with the amount of the payment to be received shall notify us in writing of that stockholder's estimate of the fair value of the shares and demand payment of that estimate plus interest, less any payment we previously paid. In addition, within 30 days after receiving our offer to pay for a stockholder's "after-acquired shares", a stockholder holding "after-acquired shares" who was offered payment (as described above) and who is dissatisfied with that offer shall reject the offer and demand payment of the stockholder's stated estimate of the fair value of the shares plus interest. A stockholder's failure to notify us within such 30 day period, waives the right to demand payment from us and shall be entitled only to the payment made or offered by us as described above.

Court Proceedings. If a stockholder makes a proper and timely demand for payment which remains unsettled, we will commence an equitable proceeding within 60 days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If we do not commence the proceeding within the 60-day period, we will pay in cash to each stockholder the amount the stockholder demanded, plus interest. We will commence the proceeding in the appropriate court of Plymouth County, Massachusetts, which is where our principal office in the Commonwealth of Massachusetts is located. We will make all stockholders, whether or not residents of the Commonwealth of Massachusetts, whose demands remained unsettled, parties to the proceeding as an action against their shares, and all parties shall be served with a copy of the petition. The court may appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers will have the powers described in the order appointing them, or in any amendment to it. The stockholders demanding appraisal rights are entitled to the same discovery rights as parties in other civil proceedings.

Each stockholder made a party to the proceeding is entitled to judgment:

for the amount, if any, by which the court finds the fair value of the stockholder's shares, plus interest, exceeds the amount paid by us to the stockholder for such shares; or

in the case of "after-acquired shares", for the fair value, plus interest, of the stockholders shares for which we elected to withhold payment.

Determination of Fair Value. Section 13.01 of Chapter 156D defines "fair value" with respect to shares being appraised as the value of the shares immediately before the effective date of the corporate action to which the stockholder demanding appraisal objects, excluding any element of value arising from the expectation or accomplishment of the proposed corporate action unless exclusion would be inequitable. This would mean that the court would determine fair value immediately prior to the completion of the sale to SeraCare. This definition leaves untouched the accumulated case law about what constitutes fair value. While that case law in Massachusetts traditionally focused on market value, capitalized earnings value and asset value, recent cases have held that fair value in appraisal proceedings can and should be based upon the same techniques the investment community uses to determine value if the corporation as a whole, or its assets, were to be acquired by the highest bidder. See, e.g., *Sarrouf v. New England Patriots Club, Inc*., 397 Mass. 542 (1986).

Court Costs and Counsel Fees. The costs of the appraisal proceeding shall be determined by the court, including the reasonable compensation and expenses of appraisers of the court. The court shall assess the costs against us, except that the court may assess costs against all or some of the stockholders demanding appraisal, in amounts the court finds equitable, to the extent the court finds such stockholders acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by Part 13 of the MBCA. The court in an appraisal proceeding may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable for specified reasons as described in Section 13.31 of Chapter 156D.

Any stockholder wishing to exercise appraisal rights is urged to consult legal counsel before attempting to exercise appraisal rights. Failure to strictly comply with all of the procedures set forth in Part 13 of Chapter 156D of the MBCA may result in the loss of a stockholder's statutory appraisal rights.

Tax Consequences

The following is a summary of the principal material United States federal income tax consequences relating to the proposed sale of our BBI Core Businesses to SeraCare. The summary does not consider the effect of any applicable foreign, state, local or other tax laws nor does it address tax consequences applicable to stockholders that may be subject to special federal income tax rules. The following summary is based on the current provisions of the Internal Revenue Code, existing, temporary, and proposed Treasury regulations thereunder, and current administrative rulings and court decisions. Future legislative, judicial or administrative actions or decisions, which may be retroactive in effect, may affect the accuracy of any statements in this summary with respect to the transactions entered into or contemplated prior to the effective date of those changes.

The proposed sale of our BBI Core Businesses to SeraCare will be a transaction taxable to us for United States federal income tax purposes. We will recognize taxable income equal to the amount realized on the sale in excess of our tax basis in the assets sold. The amount realized on the sale will consist of the cash we receive in exchange for the assets sold, plus the amount of related liabilities assumed by SeraCare.

Although the sale of our BBI Core Businesses will result in a taxable gain to us, a portion of the taxable gain will be offset to the extent of current year losses from operations plus available net operating loss carry forwards, as currently reflected on our consolidated federal income tax returns. The taxable gain will differ from the gain to be reported in our financial statements due to temporary tax differences and certain other differences between the tax laws and generally accepted accounting principles.

We believe we will be able to apply between approximately $4.1 and $4.6 million of federal tax loss carryforwards without limitation against the taxable gain from the sale of the BBI Core Businesses. However, due to the limitation of net operating loss carryforwards under the federal alternative minimum tax system, a portion of the taxable gain reduced by our net operating loss carryforwards may be subject to the federal alternative minimum income tax. As a result of the foregoing, we believe we will pay between approximately $4.0 and $4.4 million in federal and state taxes on the proceeds from the sale to SeraCare. The availability and amount of net operating loss carryforwards are subject to audit and adjustment by the Internal Revenue Service. In the event that the Internal Revenue Service adjusts the net operating loss carryforwards, we may incur an increased tax liability.

We do not anticipate any direct tax consequence to you as a result of the sale to SeraCare. If we engage in an issuer tender offer following the closing, any tax consequences to you as a result of the tender offer will be described in the applicable tender offer documents that will be sent to stockholders describing the tender offer.

Each holder of our common stock is urged to consult his or her own tax advisor as to the federal income tax consequences of the sale, and also as to any state, local, foreign or other tax consequences based on his or her own particular facts and circumstances.

Accounting Treatment of the Asset Sale

If the asset purchase agreement and the sale to SeraCare are approved by our stockholders as described in this proxy statement, we will record the sale in accordance with generally accepted accounting principles in the United States. Upon the completion of the sale to SeraCare, we will

recognize a financial reporting gain, equal to the net proceeds (the sum of the purchase price less the expenses relating to the sale) less the net book value of the assets sold and the fair value of the indemnification liability retained.

Treatment of Employee Stock Options

Because the sale to SeraCare will be deemed to be a sale of "substantially all of the assets," all of our outstanding options to purchase shares of our common stock will become immediately vested upon completion of the sale. Many of our currently outstanding options have exercise prices greater than the current fair market value of our common stock.

RISK FACTORS

Special Considerations You Should Take into Account in Deciding How to Vote on the Proposal to Sell Our BBI Core Businesses to SeraCare

You should carefully consider the special considerations described below as well as other information provided to you in this proxy statement in deciding how to vote on the proposal to sell our BBI Core Businesses. If any of the following special considerations actually occur, our business, financial condition or results of operations could be materially adversely affected, the value of our common stock could decline, and you may lose all or part of your investment.

Special Considerations Regarding the Proposal to Sell Our BBI Core Businesses to SeraCare

The sale to SeraCare may not be completed if the conditions to closing are not satisfied or waived.

There is a risk that the sale of our BBI Core Businesses to SeraCare may not be completed because the conditions to closing, including our ability to obtain stockholder approval, SeraCare's receipt of sufficient financing to complete the transaction, and required consents from third parties, including landlords and parties to contracts, may not be satisfied or waived. If the transaction is not completed, it is possible we will have difficulty recouping the costs incurred in connection with negotiating the proposed transaction and our business may be seriously harmed.

It is possible that we may not receive all of the cash provided for in the asset purchase agreement, and accordingly, we may have less cash to fund our remaining operations and to undertake our contemplated issuer tender offer following the closing.

Pursuant to the asset purchase agreement, if our net asset value as of the closing date is less than $8.5 million, the amount of the purchase price we will receive will be reduced dollar for dollar. As of April 30, 2004, our estimated net asset value was approximately $9.0 million. In addition, $2.5 million of the purchase price will be deposited into an escrow account to be held in escrow for 18 months following the closing to secure our indemnification obligations under the asset purchase agreement. Some or all of the $2.5 million may be returned to SeraCare if we are required to indemnify SeraCare for any breaches of our representations, warranties or covenants in the asset purchase agreement. In the event that the purchase price is reduced because the closing net asset value is less than $8.5 million or in the event we do not receive all of the amounts deposited into escrow because of breaches of our representations, warranties and covenants in the asset purchase agreement, we will have less cash resources to fund our remaining pressure cycling technology business operations following the closing and to undertake our contemplated issuer tender offer following the closing. Further, we may have unforeseen liabilities and expenses that must be satisfied from the after tax net proceeds of the sale to SeraCare, leaving less to fund our remaining operations. If we do not have sufficient cash to fund our remaining operations, we may need to raise capital, which may not be possible under satisfactory terms, if at all, and our business may be seriously harmed.

The asset purchase agreement will expose us to contingent liabilities up to an amount equal to the purchase price for the BBI Core Businesses, which could adversely affect our ability to pursue our remaining business operations or our ability to engage in an issuer tender offer following the closing.

In the asset purchase agreement we have made customary representations and warranties to SeraCare, which are described below under the heading "Asset Purchase Agreement; Representations and Warranties." Pursuant to the asset purchase agreement, we agreed to indemnify SeraCare for any losses from breaches of most of our representations, warranties or covenants that occur within 21 months after the closing date of the sale to SeraCare. Our indemnification obligations for breaches of some representations and warranties, however, extend for a longer period of time. More specifically, our indemnification obligation for a breach of representations and warranties relating to compliance with environmental laws extend for five years after the closing date, representations and warranties

relating to tax matters extend for the applicable statute of limitations period, and representations and warranties relating to our due organization, subsidiaries, authorization to enter into and perform the transactions contemplated by the asset purchase agreement and brokers fees extend indefinitely. Our indemnification obligations are limited by an overall cap equal to the purchase price. For example, an indemnification claim by SeraCare could result if SeraCare suffers any damages arising out of the inaccuracy of any of our representations about the assets comprising our BBI Core Businesses or if we fail to comply with a covenant or other agreement in the asset purchase agreement. The payment of any such indemnification obligations could adversely impact our cash resources following the completion of the sale to SeraCare and our ability to pursue other opportunities, including the development of our pressure cycling technology operations. In addition, if we become subject to a large indemnification claim prior to the completion of our anticipated issuer tender offer following the closing, we may not have sufficient cash to undertake the issuer tender offer to purchase shares of our common stock from stockholders following the closing or the price that we may be able to offer to stockholders may be substantially less than what we otherwise would have been able to offer.

You are not guaranteed to receive any of the proceeds from the sale of our BBI Core Businesses.

The purchase price for the assets of the BBI Core Businesses will be paid directly to our company. At this time, following the closing, we intend to use up to $21 million of the after-tax net proceeds from the sale to SeraCare to commence an issuer tender offer to purchase up to 6,000,000 shares of our common stock at $3.50 per share. If you decide not to tender your shares in the tender offer or if the tender offer is not commenced due to unanticipated events or circumstances beyond our control, including unforeseen liabilities or contingencies reducing the amount of proceeds available for the tender offer, you will not receive any proceeds from the sale of the assets and you will continue to be a stockholder in our company, however, trading in our common stock will likely be more difficult, due to, among other things, limited trading volume of our stock.

We will be unable to compete with the BBI Core Businesses for five years from the date of closing.

We have agreed that, without the prior written consent of SeraCare, we will not engage in or own or control any interest in (except as a passive investor of less than 5% of the outstanding equity interests of a company) any entity that competes with the BBI Core Businesses for a period of five years from the closing. Our pressure cycling technology operations, which we will continue to pursue following the closing, are not deemed to compete with the BBI Core Businesses.

We may be required to pay a termination fee to SeraCare if the transaction is not completed and we engage in another transaction within the next twelve months.

The asset purchase agreement requires us to pay SeraCare a termination fee if the asset purchase agreement is terminated prior to completion under certain cases. Specifically, if SeraCare terminates the asset purchase agreement as a result of a triggering event (as described herein under "Asset Purchase Agreement; Termination of the Asset Purchase Agreement) or if we terminate the asset purchase agreement at a time when terminable by SeraCare as a result of a triggering event, then we must pay SeraCare within 2 business days after demand by SeraCare a termination fee equal to $600,000; provided that if (i) prior to the termination a third party delivered to us an acquisition proposal, (ii) within one year following the termination an acquisition transaction is completed or we enter into an agreement or letter of intent providing for an acquisition transaction, and (iii) the aggregate purchase price paid for such acquisition transaction is equal to or greater than $35 million, then the termination fee shall be increased to an amount equal to 3% of the aggregate purchase price paid in the acquisition transaction.

We would also be required to pay a termination fee in the event the asset purchase agreement is terminated by SeraCare or us prior to completion if, subject to the conditions in the asset purchase agreement, (i) the transaction has not closed by September 2, 2004, (ii) our stockholders do not

approve the transaction, or (iii) we breach any covenant or agreement, or if any of our representations or warranties shall have been untrue when made or shall have become untrue, such that the condition to closing relating to the accuracy of representations and warranties or the compliance with covenants would not be satisfied, and prior to the termination a third party delivered to us an acquisition proposal and within one year following the termination an acquisition transaction is completed or we enter into an agreement or letter of intent providing for an acquisition transaction. The termination fee would be equal to $600,000, provided that the fee would be increased to an amount equal to 3% of the aggregate purchase price in the acquisition transaction if such aggregate purchase price is greater than or equal to $35 million.

If we are required to pay SeraCare a termination fee, our business could be seriously harmed.

If the sale to SeraCare is not completed, we may explore other potential transactions but there may not be any other offers from potential acquirors.

If the sale to SeraCare is not completed, we may continue as an independent stand-alone operating company conducting our historical business, we may explore other strategic alternatives, including a sale of our assets to, or a business combination with, another party, or we may pursue other business opportunities and investments unrelated to our current business. There can be no assurance that any potential transaction will provide consideration equal to or greater than the price proposed to be paid by SeraCare in the transaction, or that we will be able to complete any alternative transaction. Although we had discussions with various parties concerning such a purchase, none of these parties may now have an interest in such a sale or be willing to offer a reasonable purchase price.

If the sale to SeraCare is not completed, we may need additional funds to continue or grow our existing business and we may not have sufficient funds to develop our pressure cycling technology operations.

If the sale to SeraCare is not approved, we will continue to operate our BBI Core Businesses unless and until we are able to negotiate another transaction that our board of directors believes is acceptable to the stockholders and to the company. We believe that we will need additional funding to properly continue the development of our pressure cycling technology activities while still making the necessary investments in the BBI Core Businesses, and it may be necessary to obtain additional funding to make needed investments in the BBI Core Businesses. To the extent that we do not obtain needed capital for our pressure cycling technology business through the sale of the BBI Core Businesses, we may have to obtain it through the issuance of additional debt or equity, by entering into a strategic relationship pursuant to which we may be required to share our rights to the pressure cycling technology product platform, or through other means, any one of which may reduce the value to us, perhaps substantially, of any further commercialization and development of pressure cycling technology products. There is no guarantee that we would be able to obtain such funding or enter into such relationships on terms acceptable to us or at all. Further, there is no guarantee that we would be able to obtain any funding for our BBI Core Businesses upon acceptable terms. Failure to obtain such funding or enter into such relationships could seriously harm our business.

The failure to complete the sale of our BBI Core Businesses may result in a decrease in the market value of our common stock and may create substantial doubt as to our ability to grow our existing business and implement our current business strategies.

The sale of our BBI Core Businesses is subject to a number of contingencies, including approval by our stockholders and other customary closing conditions. We cannot predict whether we will succeed in obtaining the approval of our stockholders. As a result, we cannot assure you that the sale of our BBI Core Businesses will be completed. If our stockholders fail to approve the proposal to sell our BBI Core Businesses to SeraCare at the special meeting or if the sale of our BBI Core Businesses is not completed for any other reason, the market price of our common stock may decline. In addition, failure to complete the sale of our BBI Core Businesses may substantially limit our ability to grow our

existing business and implement our current business strategies, including the development of our pressure cycling technology activities. We currently believe it would be extremely difficult to continue to operate our BBI Core Businesses while continuing to operate our pressure cycling technology operations.

Our business will be harmed if the proposed sale to SeraCare disrupts the operations of our business and prevents us from realizing intended benefits.

Prior to the closing of the sale to SeraCare, our business operations may be disrupted due to a number of factors, any of which could harm our business or ability to complete the proposed transaction. These factors include:

loss of key employees, vendors, or customers;

changes in management which may impair relationships with employees and customers;

additional expenditures required to facilitate the proposed transaction with SeraCare;

the resulting diversion of management's attention from our day-to-day business; and

failure to make needed capital expenditures and other investments to increase working capital.

Michael Avallone, our chief financial officer, tendered his resignation effective July 23, 2004, to pursue a position with another company. We are currently searching for a replacement chief financial officer. Until we find a replacement, Kevin W. Quinlan, our president, chief operating officer and treasurer and former chief financial officer, will serve as our principal financial and accounting officer.

Special Considerations Relating to Our Company if Our BBI Core Businesses are Sold to SeraCare

By completing the sale to SeraCare, we will become less diversified.

By selling our BBI Diagnostics and BBI Biotech assets, we will be selling our business units that generate our most significant sources of revenue. We will subsequently become primarily a development-stage company focused on the further development and commercialization of our pressure cycling technology product platform. We may invest in other technology in the future, but we have no current specific plans to do so at this time. This increases our business risk because we will be less diversified than before the sale of the BBI Core Businesses to SeraCare and because our remaining business is speculative.

Our business following the asset sale will be dependent on the success of our pressure cycling technology products and services, which have a limited operating history and have generated substantial losses and only a limited amount of revenues to date.

The BBI Core Businesses proposed to be sold to SeraCare pursuant to the asset purchase agreement represents more than 90% of our annual revenue in each of the past two years. Our business following the sale to SeraCare will leave us dependent on the performance of our pressure cycling technology activities, which will be our main operating unit going forward. Our pressure cycling technology business has a limited operating history and has incurred significant losses to date. Our first products utilizing our pressure cycling technology, the Barocycler NEP2017 instrument and related disposable PULSE Tubes, were introduced for commercial sale in September 2002. As of December 31, 2003, we invested approximately $11.0 million towards the development of our pressure cycling technology since 1997. Limited revenue has been generated from sales of our pressure cycling technology products and related services. More specifically, we generated revenues of $674,000 in fiscal 2003. Our failure to generate revenues from sales of these and other commercially viable pressure cycling technology products and services or otherwise reduce our losses relating to this business unit will adversely affect our business and may affect our ability to stay in business.

Our pressure cycling technology products and services are new and have limited market awareness.

Our pressure cycling technology products have limited market awareness and, to date, limited sales. Our future success will be dependent in significant part on our ability to generate demand for our pressure cycling technology products and services and to develop additional commercial applications that incorporate our pressure cycling technology. To this end, our direct and indirect sales operations must increase market awareness of our pressure cycling technology products to generate increased revenue. Our products and services require a sophisticated sales effort targeted at both the scientists who would use this technology and the senior management of our prospective customers. All new hires will require training and will take time to achieve full productivity. We cannot be certain that we will be successful in our efforts to market and sell our products, and if we are not successful in building greater market awareness and generating increased sales, our future results of operations will be adversely affected.

The sales cycle of our pressure cycling technology products has been lengthy and as a result, we have incurred and may continue to incur significant expenses before we generate any significant revenue related to those products.

Our customers have required several months to test and evaluate our pressure cycling technology related products. This increases the possibility that a customer may decide to cancel or change plans, which could reduce or eliminate our sales to that customer. As a result of this lengthy sales cycle, we have incurred and may continue to incur significant research and development expenses, and selling, general and administrative expenses, before we generate the related revenue for these products, and we may never generate the anticipated revenue if a customer cancels or changes its plans. Factors associated with this lengthy sales cycle include the initial selling price of the PCT Barocycler NEP2017 and the limited amount of research data presently available demonstrating its capabilities and potential. Additional refinements in pressure cycling technology instrumentation have been made, including the development of a less expensive and smaller, bench top version of the Barocycler which we expect to be available for commercial sale in the third or fourth quarter of 2004; however, there can be no assurance that this bench top model will be successful or that we will generate any significant revenue from sales of these products.

We may be unable to adequately respond to rapid changes in technology.

The market for our pressure cycling technology products and related services is characterized by rapidly changing technology, evolving industry standards and frequent product introductions. The introduction of products and services embodying new technology and the emergence of new industry standards may render our existing pressure cycling technology products and related services obsolete and unmarketable if we are unable to adapt to change. A significant factor in our ability to grow and to remain competitive is our ability to successfully introduce new products and services that embody new technology, anticipate and incorporate evolving industry standards and achieve levels of functionality and prices acceptable to the market. If our pressure cycling technology products and related services are unable to meet our customers' needs or we are unable to keep pace with technological changes in the industry, our pressure cycling technology products could eventually become obsolete. We may be unable to allocate the funds necessary to improve our current products or introduce new products to address our customers' needs and respond to technological change. In the event that other companies develop more technologically advanced products, our competitive position relative to such companies would be harmed.

Following the closing of the sale to SeraCare, your ability to sell your stock may be substantially limited.

Our common stock is currently traded on the Nasdaq National Market under the symbol "BBII." Following the completion of the proposed transaction, we expect to continue to trade as a public company on the Nasdaq National Market. However, it is not possible to predict the trading price of

our common stock following the closing of the sale to SeraCare. If we fail to meet any of the continued listing standards of the Nasdaq National Market, which requirements include a $1.00 minimum bid price, stockholders equity of $10 million, market value of publicly held shares equal to not less than $5.0 million, a minimum of 750,000 shares of common stock publicly held, 400 shareholders of record, two market makers and compliance with Nasdaq's corporate governance requirements, our common stock will be delisted from the Nasdaq National Market. If we are delisted from the Nasdaq National Market, we expect our common stock will be traded on the Nasdaq SmallCap Market if we meet the listing standards of that market or we will attempt to be traded on the OTC Bulletin Board or "pink sheets" maintained by the National Quotation Bureau, Inc. The OTC Bulletin Board and Pink Sheets are generally considered less efficient markets than the Nasdaq National Market and the Nasdaq SmallCap Market. It is likely that there will only be limited trading volume in our common stock following the closing of the sale to SeraCare. Accordingly, you may find it more difficult to dispose of your shares of common stock and you may not be able to sell some or all of your shares of common stock when and at such times as you desire.

In addition, it is possible that following the tender offer contemplated after completion of the sale to SeraCare we may decide to take steps to terminate our reporting obligations if permissible under applicable SEC rules. If we were to terminate our reporting obligations, there will not be current or adequate public information readily available about our remaining operations and there will not be any active trading market for our common stock.

ASSET PURCHASE AGREEMENT

We believe this summary describes the material terms of the asset purchase agreement. However, we recommend that you read carefully the complete agreement for the precise terms of the asset purchase agreement and other information that may be important to you. The asset purchase agreement is included in this proxy statement as Appendix A.

Assets Sold

Subject to and upon the terms and conditions of the asset purchase agreement, we are selling to SeraCare all of our right, title and interest in and to the assets used in connection with or relating to our BBI Core Businesses, including the following assets:

all accounts and notes receivable and refunds relating to the BBI Core Businesses;

all of our rights and obligations under certain identified contracts;

all personal and real property leases identified and those used in the BBI Core Businesses;

our owned real property located at 375 West Street, West Bridgewater, Massachusetts;

all fixtures, equipment, leasehold improvements, computers and software used in the BBI Core Businesses, other than certain specifically excluded software and computers;

all inventory with respect to the BBI Core Businesses;

all records and lists, including lists of customers, suppliers and personnel, relating to the BBI Core Businesses, all product, business and marketing plans relating to the BBI Core Businesses and all books, ledgers, files, reports, plans, drawings and operating records we maintain (other than our minute books, stock books and tax returns) relating to the BBI Core Businesses;

all of our copyrights, patents, trademarks, domain names, technology rights and licenses, computer software, confidential information, trade secrets, franchises, know-how, inventions, designs, specifications, plans, drawings and intellectual property rights used in the BBI Core Businesses;

all licenses, permits, franchises, approvals, authorizations, consents or orders of, or filings with, any governmental authority necessary for the present conduct of, or relating to the operation of the BBI Core Businesses, other than certain identified non-transferable permits;

all insurance policies, other than certain identified insurance policies that are not assignable;

all supplies, sales and promotional literature, customer, supplier and distributor lists, art work, display units, telephone and fax numbers and purchasing records related to BBI Core Businesses;

all rights under or pursuant to all warranties, representations and guarantees made by suppliers in connection with the assets being sold or services furnished to us pertaining to the BBI Core Businesses, other than certain identified rights;

all deposits, prepayments and prepaid expenses relating to the BBI Core Businesses;

all assets of BBI Biotech; and

all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind, against any person or entity, including any liens, security interests, pledges or other rights to payment or to enforce payment in connection with products delivered by us on or prior to the closing date.

Assets Retained

We are retaining certain assets, including the following assets:

- all assets owned by us or BBI BioSeq, Inc. that do not relate to the BBI Core Businesses, including our pressure cycling technology assets, and all of the assets owned by BBI Source Scientific;
- our 4.45% passive ownership interest in Panacos Pharmaceuticals, Inc.;
- our ownership interest in the newly formed entity which recently purchased the assets of our BBI Source Scientific business unit;
- all licenses, permits, franchises, approvals, authorizations, consents or orders of, or filings with, any governmental authority to the extent not transferable;
- specified computers and computer software;
- insurance policies to the extent not transferable or not relating to the BBI Core Business;
- all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind, against any person or entity, not relating to the BBI Core Businesses or arising out of or relating to the assets being sold;
- all intercompany receivables and payables which are owed to us or BBI Biotech Research Laboratories or any entity which, after the closing date is an affiliate of us or BBI Biotech Research Laboratories;
- the loan receivable and accrued interest relating thereto from Mr. Richard T. Schumacher;
- a lease deposit for our facility in Frederick, Maryland;
- certain specified contracts; and
- all of our cash and cash equivalents.

Assumed Liabilities

Subject to and upon the terms and conditions of the asset purchase agreement, SeraCare will assume certain liabilities related to the BBI Core Businesses, including:

- all accounts payable set forth on our December 31, 2003 balance sheet or incurred after that date prior to the closing, in the ordinary course of business, but excluding any intercompany accounts payable, and in each case, only to the extent such payable is included on the closing balance sheet;
- all accrued expenses set forth on our December 31, 2003 balance sheet or incurred after that date prior to the closing, in the ordinary course of business, and in each case, only to the extent that such expense is included on the closing balance sheet;
- all accrued compensation and vacation set forth on our December 31, 2003 balance sheet or incurred after that date prior to the closing, in the ordinary course of business, and in each case, only to the extent such accrued compensation or vacation is

included in the closing balance sheet;

notes payable set forth on our December 31, 2003 balance sheet, but only to the extent such notes payable are included on the closing balance sheet;

all liabilities accruing, arising out of, or relating to events or occurrences after the closing date under certain contracts and leases specifically identified or otherwise assumed by SeraCare, but

not including liabilities relating to a default under such contracts or leases on or prior to the closing date;

the mortgage on our owned real property located at 375 West Street, West Bridgewater, Massachusetts;

any tax arising from the operation of the BBI Core Businesses for periods beginning after the closing date; and

with respect to rehired employees to the extent expressly assumed by SeraCare pursuant to the asset purchase agreement.

Excluded Liabilities

Other than the assumed liabilities, SeraCare will not assume any other liabilities, whether liquidated or unliquidated, known or unknown, or whether arising out of occurrences prior to, at or after the date of the agreement.

Closing Date

The closing of the sale of our BBI Core Businesses will take place on the third business day after the last of the closing conditions is met, or such other date as we agree with SeraCare.

Purchase Price; Escrow and Post-Closing Adjustment

SeraCare will pay us $30 million in cash for the assets of our BBI Core Businesses, subject to a post-closing adjustment described below. At the closing, $2.5 million of the purchase price will be deposited into escrow to be held in escrow by an independent escrow agent for a period of 18 months following the closing in order to secure our indemnification obligations to SeraCare under the asset purchase agreement. At the end of the 18 month period, any remaining amounts in the escrow account will be payable to us, subject to pending claims.

A purchase price adjustment will occur if the closing net asset value of the assets to be transferred to SeraCare is greater or less than $8.5 million, measured as of the closing date. The adjustment amount is calculated by subtracting $8.5 million from the closing net asset value (the net amount of purchased assets less assumed liabilities as set forth on the closing balance sheet). An estimated adjustment amount will be calculated not less than three business days prior to the closing. In the event that the estimate shows that the net asset value is less than $8.5 million, the amount of this deficiency will be deducted from the purchase price to be paid to us at the closing. On or before 60 days after closing, SeraCare will prepare a balance sheet as of the closing date, which will include a calculation of the adjustment amount. We will be entitled to observe the preparation of the closing balance sheet. If the actual net asset value as set forth in the closing balance sheet is less than $8.5 million, then we must pay SeraCare the difference. Any estimated adjustment amount deducted from the purchase price at the closing will be applied to the final closing adjustment. If the net asset value as set forth in the closing balance sheet is greater than $8.5 million, then SeraCare must pay us the difference. If there are disagreements with the adjustment amount, the asset purchase agreement has a dispute resolution mechanism under which a nationally recognized independent public accounting firm will resolve the dispute. As of April 30, 2004, our estimated net asset value was approximately $9.0 million.

Additional Payments

On the closing date or as promptly as possible after the closing date (or such time as otherwise specified in the asset purchase agreement), the following items will be prorated between us and SeraCare as of the closing date:

all prepaid interest and interest payable with respect to any interest bearing obligations assumed by SeraCare;

all real and personal property taxes, water, gas, electricity and other utilities, common area maintenance reimbursements to lessors, local business and other license fees or taxes, merchants' association due and other similar periodic charges payable with respect to the assets or business being sold to SeraCare; and

all rent we paid through the end of the calendar month in which the closing occurs.

We will pay any documentary transfer taxes and any sales, use or other taxes imposed by reason of the transfers of the purchased assets. SeraCare will pay the fees and costs of recording or filing all applicable conveyancing instruments and shall pay the costs for title searches or insurance premiums for title insurance to be obtained by SeraCare.

Representations and Warranties

Representations and Warranties of Our Company and BBI Biotech Research Laboratories

In the asset purchase agreement, both we and BBI Biotech Research Laboratories make certain representations and warranties to SeraCare and, subject to certain limitations, we have agreed to indemnify SeraCare for any breach of the representations and warranties. These representations and warranties relate to the following:

due organization, valid existence, good standing and qualification to do business;

subsidiaries;

authority, approvals, validity and enforceability of the asset purchase agreement and the transactions contemplated thereby;

the absence of certain changes or events since December 31, 2003;

title and operating condition to the purchased assets;

owned and leased real property;

contracts and commitments;

permits used in the operation of the business;

the absence of conflicts with or violations, breaches or defaults under contracts caused by the asset purchase agreement and transactions contemplated thereby;

our SEC filings and financial statements;

books and records relating to the business and assets being sold;

litigation matters;

labor and employment matters;

absence of undisclosed liabilities;

compliance with applicable laws;

brokers' fees;

absence of other agreements to sell the assets;

intellectual property matters, including our ownership of our proprietary rights;

employee benefit plans and employee matters;

transactions with affiliated persons;

filing of tax returns, payment of taxes and other tax matters;

insurance matters;

accounts receivable;

inventory;

purchase commitments and outstanding bids, and customer returns and similar customer claims;

absence of unlawful payments;

customers, distributors and suppliers;

compliance with environmental laws;

our corporate minute books;

application of state takeover and other similar statutes;

receipt of a fairness opinion from William Blair;

accuracy of information provided by us; and

product returns and warranties.

For a complete text of the representations and warranties made by us or BBI Biotech Research Laboratories, refer to Article IV of the asset purchase agreement.

Representations and Warranties of SeraCare

In the asset purchase agreement, SeraCare makes certain representations and warranties to us and, subject to certain limitations, SeraCare has agreed to indemnify us for any breach of the representations and warranties. These representations and warranties relate to the following:

due organization, valid existence and good standing;

authority, approvals, validity and enforceability of the asset purchase agreement and the transactions contemplated thereby;

the absence of conflicts with the asset purchase agreement and transactions contemplated thereby;

consents and approvals for the asset purchase agreement and transactions contemplated thereby;

brokers' fees;

SeraCare's SEC filings and financial statements; and

SeraCare's financial resources and commitment letters for financing.

For a complete text of the representations and warranties made by SeraCare, refer to Article V of the asset purchase agreement.

Covenants

Under the asset purchase agreement, each of the parties have agreed to perform certain pre- and post-closing covenants. These covenants include, among other things, the following:

we will each (a) use our commercially reasonable efforts to take, or cause to be taken, all actions and things necessary, proper or advisable to consummate the transactions contemplated by the asset purchase agreement, including obtaining all necessary waivers, consents and approvals from other parties to contracts and leases (b) execute any documents, instruments or conveyances reasonably necessary to carry out the transactions contemplated by the asset purchase agreement and (c) cooperate with each other in connection with the foregoing;

we will grant approvals and take such actions as are within our authority to eliminate the effects of any fair price, moratorium, control share, business combination, stockholder protection or other similar anti-takeover statute or regulation that is or becomes applicable to the asset purchase agreement, including taking all commercially reasonable action to ensure that our shareholder rights plan will not apply to the transactions contemplated by the asset purchase agreement. Prior to signing the asset purchase agreement, we amended our shareholder rights plan and took such other necessary actions to ensure that the foregoing statutes and regulations would not apply to the asset purchase agreement;

we have agreed to provide SeraCare with prompt notice of certain events involving breaches of representations and warranties, failure to satisfy or comply with any material covenants or conditions in the agreement and any developments that could reasonably be expected to have a material adverse effect on the assets to be sold under the asset purchase agreement;

we will cause our officers, directors, employees and agents to provide SeraCare and its representatives access at all reasonable times upon reasonable notice to the purchased assets for the purpose of inspecting such assets;

SeraCare has the right, at its sole cost and expense to, (a) conduct a Phase I environmental study with respect to the real property assets (leased and owned) being purchased, (b) inspect records, reports, permits, applications, monitoring results, studies, correspondence, data and any other information relevant to environmental conditions or environmental noncompliance, and (c) inspect all buildings and equipment at the real property that is part of the purchased assets, in each case subject to certain requirements;

we will operate the BBI Core Businesses in the ordinary course of business and substantially in accordance with past practice and in substantial compliance with all laws and regulations, and will not engage in certain prohibited transactions from the date of the asset purchase agreement through the closing, without the consent of SeraCare;

SeraCare will extend offers of employment to substantially all of our employees in the BBI Core Businesses, such employment to be for substantially equivalent positions and on substantially equivalent wage rates as such employees currently have with us, provided that SeraCare in its sole discretion may elect to provide that any or all such employment relationships shall be terminable "at-will";

SeraCare will, to the extent permitted by law, applicable tax qualification requirements and approvals from third party providers, permit each rehired employee to be eligible to participate in the various retirement, health, disability, vacation, 401(k), dental and life insurance plans maintained by or on behalf of SeraCare;

SeraCare agrees to indemnify and hold us harmless from any losses we suffer arising from SeraCare's failure to provide notice to rehired employees under the Worker Adjustment and

Retraining Notification Act as a result of a plant closing or mass layoff (such terms as defined in 29 U.S.C. §2101 et. seq.) that occurs after the closing date;

we agreed to prepare and file as soon as reasonably practicable after the execution of the asset purchase agreement, a proxy statement and other proxy materials for the purpose of soliciting proxies from our stockholders to vote in favor of the approval of the asset purchase agreement and the transactions contemplated by the asset purchase agreement at a special meeting of our stockholders to be called and held for such purposes;

we have also agreed to use commercially reasonable efforts to obtain the requisite stockholder approval;

SeraCare will use its commercially reasonable efforts to obtain the financing contemplated by the commitment letters provided to us when we signed the asset purchase agreement or to obtain replacement financing in an amount and on terms and conditions not materially less favorable than set forth in such commitment letters;

we have agreed to cooperate with all reasonable requests from SeraCare in the preparation of financial statements determined by SeraCare to be necessary to meet its reporting obligations;

we have agreed to implement and fully fund a retention program for our employees on terms reasonably satisfactory to SeraCare for the period from the date of the asset purchase agreement until the closing; and

we will use our commercially reasonable efforts to obtain the consent of our mortgage lender to permit the assumption by SeraCare of the mortgage on our West Bridgewater real property prior to the closing.

Many of the covenants contained in the asset purchase agreement are difficult to summarize. For a complete text of the foregoing covenants and additional covenants, please refer to Article VI of the Asset Purchase Agreement.

Solicitation; Withdrawal of Recommendation by Our Board of Directors

Non-Solicitation. Until the sale to SeraCare is completed or the asset purchase agreement is terminated, we have agreed that we will not, nor will we authorize or permit any of our officers, directors, principals, attorneys, agents, employees or other representatives, to directly or indirectly, do any of the following:

solicit, initiate, encourage or induce the making, submission or announcement of any acquisition proposal (as defined below);

participate in any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to, any acquisition proposal;

engage in discussions with any person with respect to any acquisition proposal;

approve, endorse or recommend any acquisition proposal; or

enter into any letter of intent or similar document or any agreement or commitment contemplating or otherwise relating to any acquisition transaction (as defined below).

Prior to the approval of the asset purchase agreement by our stockholders, however, we are not prohibited from complying with our obligations to make a recommendation with respect to a third party tender offer, and we are not prohibited from furnishing information about us to, entering into a

58

confidentiality agreement with or entering into discussions with, any person in response to a superior offer (as defined below) submitted by that person, if:

- we have not violated the non-solicitation restrictions described above;
- our board of directors concludes in good faith, after consultation with outside legal counsel, that the failure to take such action would be a violation of our board of directors' fiduciary duties;
- at least three business days prior to furnishing any nonpublic information to, or entering into discussions or negotiations with such person, we give SeraCare written notice of the identity of such person and our intention to furnish nonpublic information to, or enter into discussions or negotiations with, such person, and we receive from such person an executed confidentiality agreement containing certain restrictive terms; and
- contemporaneously with furnishing any nonpublic information to such person, we also furnish that information to SeraCare (if not previously provided to SeraCare).

Notification of Acquisition Proposal to SeraCare. We have agreed to advise SeraCare orally and in writing within 24 hours after receipt of an acquisition proposal, of any request we receive for nonpublic information which we reasonably believe would lead to an acquisition proposal or of any acquisition proposal, or any inquiry received by us or any of our representatives with respect to, or which we reasonably believe would lead to any acquisition proposal, the material terms and conditions of such request, acquisition proposal or inquiry, and the identity of the person or group making any such request, acquisition proposal or inquiry. We also agreed to keep SeraCare informed (orally and in writing) on a current basis and in all material respects of the status and details (including material amendments or proposed amendments) of any such request, acquisition proposal or inquiry.

Definition of Acquisition Proposals and Acquisition Transaction. Under the asset purchase agreement, an "acquisition proposal" means any offer or proposal relating to any "acquisition transaction" which include any of the following transactions:

- any acquisition or purchase from us or BBI Biotech of more than 15% of our or BBI Biotech's outstanding voting securities;
- any tender or exchange offer that, if completed, would result in a person or group beneficially owning 15% or more of our or BBI Biotech's outstanding voting securities;
- any merger, consolidation, business combination or similar transaction involving us pursuant to which our stockholders immediately preceding the transaction would hold less than 85% of the equity interests in the surviving or resulting entity of the transaction;
- any sale, lease, exchange, transfer, license, acquisition or disposition of more than 15% of the assets of the BBI Core Businesses; or
- any liquidation or dissolution of our company or our subsidiary, BBI Biotech.

Definition of Superior Offer. Under the asset purchase agreement, a "superior offer" means an unsolicited, bona fide written offer made by a third party to engage in any of the following transactions:

- a merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving us pursuant to which our stockholders immediately preceding the transaction would hold less than 51% of the equity interest in

the surviving or resulting entity;

a sale or other disposition of all or substantially all of the assets of the BBI Core Businesses; or

the acquisition by any person of beneficial ownership or a right to acquire beneficial ownership of shares representing in excess of 51% of the voting power of the then outstanding shares of our capital stock or of the capital stock of BBI Biotech;

in each case on terms that our board of directors determines, in its reasonable judgment (based on advice of its outside financial advisor and after considering all terms and conditions of the written offer, including the likelihood and timing of completion) to be more favorable to us or our stockholders from a financial point of view than the terms of the asset purchase agreement with SeraCare. An offer will not be deemed to be a superior offer, however, if any financing to be obtained in connection with the transaction is less committed than SeraCare's financing or is not likely in the good faith judgment of our board of directors to be obtained by the third party on a timely basis.

Withdrawal of Recommendation of Board of Directors. We have agreed that we would include in this proxy statement our board of directors' recommendation that our stockholders vote in favor of the sale of our BBI Core Businesses pursuant to the asset purchase agreement and agreed not to withdraw, amend or modify, or propose to withdraw, amend or modify in a manner adverse to SeraCare, this recommendation. Notwithstanding the foregoing, our board of directors is permitted to withhold, withdraw, amend or modify any such recommendation previously made if our board of directors reasonably concludes in good faith, after consultation with its outside counsel, that to not withhold, withdraw, amend or modify such recommendation would constitute a breach of the fiduciary duties of the board of directors under applicable law or there is a superior offer, as defined above. We are not required to hold and convene this special meeting if there is a superior offer or canceling the special meeting is necessary for our board to comply with its fiduciary duties.

Conditions to Closing

The closing of the sale to SeraCare will be held promptly after approval by our stockholders and the satisfaction of all other conditions to closing. These conditions are further described below.

Our obligation to complete the transaction is subject to various conditions, which must be satisfied or waived prior to the closing date, including the following material conditions:

SeraCare's representations and warranties must be true and accurate in all respects as of April 16, 2004 and as of the closing date, except where the failure to be true and accurate as of the closing date would not have a material adverse effect on SeraCare;

SeraCare shall have performed or complied with, in all material respects, all agreements and covenants required to be performed by them prior to the closing date;

No action by any governmental authority shall have been taken and no law, rule or regulation shall have been enacted which would prevent the completion of the transaction. In addition, there shall not also be any regulation or court order that makes the purchase and sale of the BBI Core Businesses illegal or otherwise prohibited;

SeraCare shall have executed and delivered each of the ancillary agreements to which it is a party;

Our stockholders shall have approved the transactions contemplated by the asset purchase agreement in accordance with applicable law, our Restated Articles of Organization, as amended, and our Amended and Restated Bylaws, as amended;

The plan administrator of SeraCare's 401(k) plan shall have approved a rollover of the assets of our 401(k) plan related to the accounts of those of our employees who are rehired by SeraCare;

SeraCare shall have paid off or assumed the mortgage on our West Bridgewater, Massachusetts real property; and

SeraCare shall have offered employment to substantially all of our employees on terms consistent with those described in the asset purchase agreement.

SeraCare's obligation to complete the transaction is subject to various conditions, which must be satisfied prior to the closing date, including the following material conditions:

Our representations and warranties must be true and accurate in all respects as of April 16, 2004 and as of the closing date; except where the failure to be true and accurate as of the closing date would not have a material adverse effect on the BBI Core Businesses;

We shall have performed or complied with, in all material respects, all agreements and covenants required to be performed by us prior to the closing date;

We shall have received certain specified consents and approvals;

No action by any governmental authority shall have been taken and no law, rule or regulation shall have been enacted which would prevent the completion of the transaction. In addition, there shall not be any regulation or court order that makes the purchase and sale of the BBI Core Businesses illegal or otherwise prohibited;

There shall not have been any material adverse change with respect to the BBI Core Businesses or the purchased assets since December 31, 2003;

SeraCare shall have received its financing to complete the transaction;

We shall have delivered to SeraCare the ancillary agreements to which we are a party and Mr. Richard T. Schumacher shall have entered into a non-competition agreement with respect to the BBI Core Businesses;

We shall have executed and delivered documents to transfer the purchased assets and to release liens and other encumbrances on the purchased assets, except for certain permitted liens;

Our stockholders shall have approved the transactions contemplated by the asset purchase agreement in accordance with applicable law, our Restated Articles of Organization, as amended, and our Amended and Restated Bylaws, as amended;

SeraCare shall have been able to obtain insurable title on our owned real property being purchased by it at standard rates by a nationally recognized title insurance company; and

On or before two weeks prior to the closing date, we shall have reduced to writing all of our standard operating procedures so that SeraCare may rely solely on such writings in the maintenance and operation of the BBI Core Businesses as it was operated by us prior to the closing.

Other Agreements Relating to the Asset Sale

Escrow Agreement

At the closing of the sale to SeraCare, we will enter into an escrow agreement with SeraCare and Wells Fargo Bank, N.A. regarding the establishment and maintenance of an escrow account to secure our indemnification obligations under the asset purchase agreement. Under the terms of the escrow agreement, SeraCare will deposit $2.5 million of the total purchase price in an escrow account at the closing. Any claims by SeraCare for indemnifiable damages must be submitted to us and to the escrow agent pursuant to customary procedures specified in the escrow agreement. The escrow agreement will terminate 18 months after the closing. Any portion of the escrow fund not subject to any pending claim will be released to us on the expiration date of the escrow agreement. Any remaining amounts not used to satisfy pending claims will be released following resolution of such pending claims.

Government Contracts

A number of our contracts that are being purchased by SeraCare are government contracts that will be required to be novated by the proper government authority. We have agreed that following the closing we will request formal novations from the proper governmental authorities and that we will use our reasonable efforts to effect the prompt novation of these identified government contracts into the name of SeraCare. In addition, for those of our government contracts that are not required to be novated, we have agreed to make interim legal arrangements whereby SeraCare, on our behalf, will perform all of our duties and obligations under these government contracts in return for which SeraCare will be entitled to receive all payments to which we would otherwise be entitled under such contracts.

Transition Services Agreement

In connection with the asset purchase agreement, we have agreed to enter into a transition services agreement with SeraCare pursuant to which SeraCare will provide us with access to specified office and laboratory space in Gaithersburg, Maryland, and will allow us to use certain laboratory equipment for our remaining operations, for a period of up to one year following the closing. We will conduct our marketing and sales, finance, and non-engineering research and development activities for our pressure cycling technology operations at this location. We have agreed to pay SeraCare approximately $3,000 per month for the use of office and laboratory space in Gaithersburg, Maryland. We have also agreed with SeraCare that certain of our current employees, who will become employees of SeraCare following the closing, will be permitted to provide some services for us after the closing. For this right, we have agreed to pay SeraCare a 30% premium on salary for any of SeraCare's employees that perform work for us.

Non-Competition and Non-Solicitation Agreement

We have agreed that, subject to limited exceptions, neither we nor any of our subsidiaries involved in the BBI Core Businesses will carry on or participate in the ownership, management or control of, or the financing of, or be employed by, or consult for or otherwise render services to, or allow its name or reputation to be used in or by any other present or future business enterprise that competes with SeraCare in the business conducted by the BBI Core Businesses for a five year period following the closing; these non-competition provisions do not prohibit us from:

continuing anywhere in the world in any type of business in which we are we currently engaged, which is not part of the BBI Core Businesses, such as our right to sell pressure cycling technology products and services;

entering into any relationship with a person for purposes unrelated to the BBI Core Businesses; or

making investments in publicly held companies, provided such interest does not exceed 5% of the voting control of such business.

We have also agreed that for one and one half years following the closing, we will not induce any of our former employees that are rehired by SeraCare to leave the employment of SeraCare, to accept any other employment or position or assist any other entity in hiring any such employee.

Mr. Richard T. Schumacher, our founder, Chief Executive Officer and a director, has also agreed that he will enter into an agreement which will provide that he will not compete with the BBI Core Businesses for a two year period following the closing. In addition, for a period of one and one half years following the Closing, Mr. Schumacher has agreed not to induce any employee of SeraCare, including any of our former employees that are rehired by SeraCare, to leave the employment of SeraCare, to accept any other employment or position or assist any other entity in hiring any such

employee. He has also agreed not to do business with customers or suppliers of SeraCare who have been customers or suppliers of ours within the last five years, provided, however, that such prohibitions do not prevent Mr. Schumacher from selling pressure cycling technology products to these persons or entering into a relationship with these persons if unrelated to the purchased business.

Voting Agreements

In order to provide an incentive for SeraCare to enter into the asset purchase agreement, each of Mr. Richard T. Schumacher, our founder, Chief Executive Officer and a member of our board of directors, and Mr. Richard Kiphart (together with Mr. Kiphart's daughter and a fund in which he serves as the general partner), who as of April 16, 2004, held an aggregate of 2,824,189 shares of our common stock, or approximately 32.0% of the issued and outstanding shares of our common stock entitled to vote at the special meeting, have executed voting agreements and irrevocable proxies with SeraCare dated as of April 16, 2004.

In the voting agreements, these stockholders have agreed to:

- vote their shares and any newly acquired shares in favor of the approval of the asset purchase agreement and any matter necessary to facilitate the completion of the transactions contemplated thereby;

- vote their shares and any newly acquired shares against any acquisition proposal (as defined in the asset purchase agreement) or any other action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of ours under the asset purchase agreement or which could reasonably be expected to result in any of the conditions to our obligations under the asset purchase agreement not being fulfilled; and

- grant SeraCare irrevocable proxies to vote their shares and any newly acquired shares as required by the voting agreements.

Notwithstanding the foregoing, these stockholders are not required to vote their shares in favor of the matters identified in the first bullet point above or against the matters identified in the second bullet point above if a superior offer is made after the date of the asset purchase agreement and in response to such superior offer, our board of directors withholds, withdraws, modifies, amends or modifies its recommendation in favor of the superior offer in a manner materially adverse to SeraCare because our board of directors has reasonably concluded in good faith, after consultation with outside counsel, that the failure to withhold, withdraw or amend or modify such recommendation would violate their fiduciary obligations under applicable law.

Furthermore, each of these stockholders agreed not to:

- transfer, sell, exchange, assign, gift, pledge or otherwise dispose of, or consent to any transfer of, any or all of their shares or any newly acquired shares or any interest therein, or otherwise dispose of or create or permit to exist any lien on such shares or newly acquired shares;

- enter into any contract, option or other agreement or understanding with respect to any transfer of any or all of the shares, newly acquired shares or any interest therein;

- grant any proxy, power of attorney or other authorization in or with respect to the stockholder's shares or any newly acquired shares;

- deposit the shares or newly acquired shares into a voting trust or enter into a voting agreement or arrangement with respect to such shares or newly acquired shares; or

- take any other action that would in any way restrict, limit or interfere with the performance of the stockholder's obligations under the voting agreement.

These stockholders also agreed to be prohibited from engaging in solicitations of any acquisition proposal similar in scope and restriction as the prohibitions on solicitations agreed to by us in the asset purchase agreement. For a detailed description of these restrictions, see the section above entitled "Solicitation; Withdrawal of Recommendation by Our Board of Directors".

The voting agreements terminate upon the earlier of the completion or termination of the transactions contemplated by the asset purchase agreement. The form of each of Mr. Schumacher's and Mr. Kiphart's voting agreement is attached to this proxy statement as Appendix D and Appendix E.

Indemnification

Under the asset purchase agreement, we are obligated to indemnify and hold harmless SeraCare from and against all losses that it incurs arising out of or resulting from:

- Any breach of a representation or warranty made by us or BBI Biotech in or pursuant to the asset purchase agreement;
- Any breach of any covenant or agreement made by us or BBI Biotech in or pursuant to the asset purchase agreement;
- Any liabilities that SeraCare has not assumed; and
- Any liability arising out of the Omega Chemical Superfund Site, and other environmental matters disclosed in certain schedules to the asset purchase agreement.

The asset purchase agreement provides that SeraCare will indemnify and hold harmless us and BBI Biotech from and against all losses that we incur arising out of or resulting from:

- Any breach of a representation or warranty made by SeraCare in or pursuant to the asset purchase agreement;
- Any breach of any covenant or agreement made by SeraCare in or pursuant to the asset purchase agreement;
- Any liabilities assumed by SeraCare; and
- Any expense, debts, taxes and liabilities arising from the operation of the BBI Core Businesses after the closing date, except to the extent otherwise allocated between the parties in the asset purchase agreement.

The indemnification provisions contained in the asset purchase agreement are complicated and not easily summarized. You are urged to carefully read Article X of the asset purchase agreement attached as Appendix A to this proxy statement.

Limits on Indemnification

In general, with respect to losses suffered by SeraCare resulting from a breach of any of our representations and warranties, neither we nor BBI Biotech will be obligated to indemnify SeraCare for any losses due to such breach or breaches until the aggregate amount of the losses exceeds $300,000, and then only to the extent the amount of such losses, in the aggregate, exceed $150,000. Our obligation to indemnify SeraCare for losses due to all other matters other than with respect to breaches of our representations and warranties are not subject to any minimum threshold amounts. The maximum aggregate amounts that SeraCare may recover for losses from us or BBI Biotech for indemnification is equal to the purchase price.

The representations and warranties made by each party to the asset purchase agreement survive the closing for a period of 21 months following the closing, except with respect to the representations and warranties concerning our due organization, subsidiaries engaged in the business, our due

authorization of the transaction, and the absence of brokers, which survive indefinitely, and the representations and warranties relating to compliance with environmental laws and tax matters, which survive until the expiration of the applicable statute of limitations.

At the time of closing of the sale to SeraCare, as previously described, $2.5 million of the purchase price will be deposited into escrow to be held in escrow by an independent escrow agent for a period of 18 months following the closing in order to secure our indemnification obligations to SeraCare under the asset purchase agreement. At the end of the 18 month period, any remaining amounts in the escrow account will be payable to us, subject to pending claims. If we are required to pay any damages as a result of our indemnification obligations, payments will first be deducted from the escrow fund. To the extent that the funds from the escrow agreement are insufficient to pay the damages, we will be required to pay the damages from the working capital of our remaining operations following the closing.

Termination of the Asset Purchase Agreement

The asset purchase agreement and the transactions contemplated thereby may be terminated at any time prior to closing, in any of the following ways:

By the mutual written consent of us and SeraCare;

By either us or SeraCare if the closing has not occurred before August 15, 2004, or such other date that may be mutually agreed to by the parties, subject to certain limitations described in the asset purchase agreement. As of the date of this proxy statement, the parties have agreed to extend the date of the closing to September 2, 2004, and may extend this to a later date if mutually agreed to by the parties;

By either us or SeraCare if a governmental entity or court of competent jurisdiction shall have issued a final and nonappealable order, decree or ruling or taken any other action, which has the effect of permanently restraining, enjoining or otherwise prohibiting the completion of the transactions contemplated by the asset purchase agreement;

By either us or SeraCare if the special meeting contemplated by this proxy statement has been held and we do not receive the required approval of our stockholders to Proposal Nos. 1, 2 and 3, complete the transaction, except that we may not be able to terminate the agreement under this section if the failure to obtain stockholder approval is a result of our breach of our covenant to use commercially reasonable efforts to obtain stockholder approval;

By us if SeraCare breaches any covenant or agreement, or if any representation or warranty of SeraCare shall have been untrue when made or shall become untrue, such that our condition to closing relating to the accuracy of SeraCare's representations and warranties or SeraCare's compliance by SeraCare with its covenants would not be satisfied, *provided* that, if an inaccuracy of SeraCare's representations and warranties or breach by SeraCare is curable through the exercise of commercially reasonable efforts, we may not terminate the asset purchase agreement for a period of 10 days after delivery of written notice to SeraCare, provided that SeraCare continues to exercise commercially reasonable efforts to cure such breach and such breach is cured within such 10 day period;

By SeraCare if we breach any covenant or agreement, or if any of our representations or warranties shall have been untrue when made or shall become untrue, such that the condition to closing relating to the accuracy of our representations and warranties or our compliance with covenants would not be satisfied, *provided* that, if an inaccuracy of our representations and warranties or breach by us is curable through the exercise of commercially reasonable efforts, SeraCare may not terminate the asset purchase agreement for a period of 10 days after delivery

of written notice to us, provided that we continue to exercise commercially reasonable efforts to cure such breach and such breach is cured within such 10 day period;

By us in the event SeraCare has not obtained the financing to complete the purchase of the BBI Core Businesses on or prior to September 2, 2004, and all of SeraCare's other conditions to closing have been satisfied. Effective July 20, 2004, the parties agreed to extend the date by which SeraCare is required to obtain its financing from August 15, 2004 to September 2, 2004 due to the extension of the outside closing date to September 2, 2004; or

By SeraCare if any of the following "triggering events" shall be deemed to have occurred:

(i) our board of directors or any committee thereof shall for any reason have withheld, withdrawn or refrained from making or shall have modified, amended or changed in a manner adverse to SeraCare its recommendation in favor of the approval of the asset purchase agreement and the transactions contemplated thereby;

(ii) we shall have failed to include in this proxy statement the recommendation of our board of directors in favor of the approval of the asset purchase agreement and the transactions contemplated thereby;

(iii) our board of directors fails to reaffirm its recommendation in favor of the approval of the asset purchase agreement and the transactions contemplated thereby within ten (10) business days after we are requested in writing that such recommendation be reaffirmed at any time following the announcement and during the pendency of an acquisition proposal;

(iv) our board of directors or any committee thereof shall have approved, endorsed or recommended any acquisition proposal;

(v) we shall have entered into any letter of intent or similar document or any agreement, contract or commitment accepting any acquisition proposal;

(vi) we shall have breached any of the non-solicitation provisions of the asset purchase agreement; or

(vii) a tender or exchange offer relating to not less than 15% of the then outstanding shares of our capital stock shall have been commenced by a person unaffiliated with SeraCare and we shall not have sent to our stockholders pursuant to Rule 14d-9 or 14e-2 of the Securities Exchange Act of 1934, within ten (10) business days after such tender or exchange offer is first published sent or given, a statement disclosing that we recommend rejection of such tender or exchange offer.

Effect of Termination

If the asset purchase agreement is terminated because of any the reasons described above, the asset purchase agreement will be of no further force or effect, except for certain specified obligations, including the return of information to the party furnishing the information and the preservation of confidentiality and, in limited circumstances, described in detail in the section below entitled " Payment of Termination Fee", either party may be obligated to pay the other a termination fee at or following the termination of the asset purchase agreement. Neither party will be relieved from liability for any intentional or willful breach of the asset purchase agreement.

Payment of Termination Fee

Our Obligation to Pay a Termination Fee

The asset purchase agreement requires us to pay SeraCare a termination fee if the asset purchase agreement is terminated prior to completion under certain cases. Specifically, if SeraCare terminates the asset purchase agreement as a result of a triggering event (as described above under "Termination of the Asset Purchase Agreement) or if we terminate the asset purchase agreement at a time when terminable by SeraCare as a result of a triggering event, then we must pay SeraCare within 2 business days after demand by SeraCare a termination fee equal to $600,000; provided that if (i) prior to the termination a third party delivered to us an acquisition proposal, (ii) within one year following the termination an acquisition transaction is completed or we enter into an agreement or letter of intent providing for an acquisition transaction, and (iii) the aggregate purchase price paid for such acquisition transaction is equal to or greater than $35 million, then the termination fee shall be increased to an amount equal to 3% of the aggregate purchase price paid in the acquisition transaction.

We would also be required to pay a termination fee in the event the asset purchase agreement is terminated by SeraCare or us prior to completion if, subject to the conditions in the asset purchase agreement, (i) the transaction has not closed by August 15, 2004, (ii) our stockholders do not approve the transaction, or (iii) we breach any covenant or agreement, or if any of our representations or warranties shall have been untrue when made or shall have become untrue, such that SeraCare's condition to closing relating to the accuracy of our representations and warranties or the compliance with our covenants would not be satisfied, and prior to the termination a third party delivered to us an acquisition proposal and within one year following the termination an acquisition transaction is completed or we enter into an agreement or letter of intent providing for an acquisition transaction. The termination fee would be equal to $600,000, provided that the fee would be increased to an amount equal to 3% of the aggregate purchase price in the acquisition transaction if such aggregate purchase price is greater than or equal to $35 million.

SeraCare's Obligation to Pay a Termination Fee

The asset purchase agreement also requires SeraCare to pay us a termination fee in the amount of $600,000 in the event we terminate the asset purchase agreement as a result of SeraCare's failure to obtain financing for the transactions prior to September 2, 2004, and the agreement is not otherwise terminable by SeraCare pursuant to any other provision of the agreement.

Expenses

Except as otherwise provided in the asset purchase agreement, each party to the asset purchase agreement will pay its own legal, accounting, out-of-pocket and other expenses incident to the asset purchase agreement and to any action taken by such party in preparation for effectuating the asset purchase agreement.

FINANCIAL HISTORY AND EFFECTS OF THE PROPOSED SALE TO SERACARE

We are providing the following information to aid you in your financial analysis of the proposed asset sale. The selected consolidated financial data for each of the fiscal years in the five years ended December 31, 2003 have been derived from our audited consolidated financial statements, which have been filed on annual reports on Form 10-K and are incorporated by reference. The data presented below should be read in conjunction with our audited financial statements for each of the fiscal years in the five years ended December 31, 2003, which are incorporated by reference.

BOSTON BIOMEDICA, INC.

	Year Ended December 31,				
Consolidated Statement of Operations Data:	**2003**	**2002**	**2001**	**2000**	**1999**
	in thousands, except per share data				
REVENUE:					
Products	$ 13,608	$ 12,697	$ 13,093	$ 12,387	$ 14,057
Services	9,688	10,068	8,733	7,083	5,741
Total revenue	23,296	22,765	21,826	19,470	19,798
COSTS AND EXPENSES:					
Cost of products	7,263	6,536	6,338	7,270	7,267
Cost of services	7,602	7,727	6,783	5,581	4,568
Research and development	1,816	2,611	2,303	2,444	3,132
Selling and marketing	3,283	3,286	2,916	2,660	2,831
General and administrative	4,346	4,109	3,977	4,919	3,451
Impairment of intangible asset(1)				1,464	
Total operating costs and expenses	24,310	24,269	22,317	24,338	21,249
Loss from continuing operations	(1,014)	(1,504)	(491)	(4,868)	(1,451)
Interest (expense) income, net(2)	(272)	(206)	(380)	(1,594)	(413)
Loss from continuing operations before income taxes	(1,286)	(1,710)	(871)	(6,462)	(1,864)
(Provision for) benefit from income taxes(3)	(3)	(3)	(16)	(1,152)	744
Loss from continuing operations before cumulative effect of change in accounting principle	(1,289)	(1,713)	(887)	(7,614)	(1,120)
Cumulative effect of change in accounting principle(2)				(190)	
Loss from continuing operations	(1,289)	(1,713)	(887)	(7,804)	(1,120)
Income (loss) from discontinued operations		225	4,334	(197)	306
Net income (loss)	$ (1,289)	$ (1,488)	$ 3,447	$ (8,001)	$ (814)
Loss per share from continuing operations, basic and diluted	$ (0.19)	$ (0.26)	$ (0.14)	$ (1.43)	$ (0.24)
Net (loss) income per share, basic and diluted	(0.19)	(0.22)	0.56	(1.46)	(0.17)

	Year Ended December 31,				
Number of shares used to calculate net (loss) income per share					
Basic and Diluted	6,811	6,661	6,204	5,465	4,670

	December 31,				
Consolidated Balance Sheet Data:	**2003**	**2002**	**2001**	**2000**	**1999**
Working capital	$ 7,659	$ 9,197	$ 9,407	$ 3,596	$ 8,615
Net assets from discontinued operations				1,238	1,978
Total assets	16,842	19,843	21,414	22,549	24,934
Long term debt, less current maturities	2,271	2,338	2,403	5,287	7,146
Total stockholders' equity	10,415	12,627	13,440	7,750	13,646
Dividends					

(1) Consists of a $1,464 write-down of goodwill associated with the acquisition of BBI Source Scientific.

(2) Includes $840 of interest expense in 2000 associated with the beneficial conversion feature of the Company's 3% Senior Subordinated Convertible Debentures; $190 of this amount is recorded as a cumulative effect of change in accounting principle in 2000.

(3) Includes $1,135 in 2000 for establishment of a full valuation allowance on the Company's deferred tax assets.

Unaudited Pro Forma Financial Information

The following unaudited pro forma condensed consolidated financial data gives effect to the sale of the BBI Core Businesses. The unaudited pro forma consolidated balance sheet as of March 31, 2004 has been prepared assuming the sale of the BBI Core Businesses occurred as of that date. The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2004 and 2003 and the years ended December 31, 2003, 2002 and 2001 have been prepared assuming that the sale of the BBI Core Businesses occurred as of the beginning of the period presented and are reported as discontinued operations. We have assumed that of the total consideration, $27.5 million in cash will be paid to us at closing and $2.5 million will be placed in escrow for a period of 18 months following the closing in order to secure our indemnification obligations under the asset purchase agreement. The $2.5 million is part of other long-term assets on our balance sheet at March 31, 2004. At the end of the 18 month escrow period, all funds remaining in the escrow account at that time will be paid to us by the escrow agent, subject to any pending claims. The unaudited pro forma condensed consolidated financial data is presented for informational purposes only and is not necessarily indicative of the results of future operations of our company or the actual results of operations that would have occurred had the sale of the BBI Core Businesses been consummated as of the dates indicated above. The unaudited pro forma condensed consolidated financial data should be read in conjunction with our historical consolidated financial data and notes contained in our reports filed with the Commission.

The unaudited pro forma condensed consolidated financial data also separately give effect to the sale of BBI Source Scientific, which sale was completed on June 2, 2004. The unaudited pro forma consolidated balance sheet as of March 31, 2004 has been prepared assuming the sale of BBI Source Scientific occurred as of that date. The unaudited pro forma condensed consolidated statements of operations for the three months ended March 31, 2004 and 2003 and the years ended December 31, 2003, 2002 and 2001 have been prepared assuming that the sale of BBI Source Scientific occurred as of the beginning of the period presented and are reported as discontinued operations. The unaudited pro forma condensed consolidated financial data is presented for informational purposes only and is not necessarily indicative of the results of future operations of our company or the actual results of operations that would have occurred had the sale of the BBI Source Scientific been consummated as of the dates indicated above. The unaudited pro forma condensed consolidated financial data should be read in conjunction with our historical consolidated financial data and notes contained in our reports filed with the Commission.

For your information, on the pro forma balance sheet for March 31, 2004 we have also shown the effects the tender offer contemplated following the closing of the sale to SeraCare could have on our pro forma balance sheet if the tender offer is completed. We have assumed a few different scenarios, including the tender of 6,000,000 shares, 5,500,000 shares and 5,000,000 shares, in each case, at an assumed tender offer price of $3.50 per share. You should be aware that although we expect to commence the tender offer shortly following the closing, it is possible that we will not commence the tender offer or the cash payment we expect to offer could be substantially less than we currently anticipate due to unanticipated events or circumstances beyond our control or unforeseen liabilities or contingencies.

The pro forma adjustments were based upon available information and upon certain assumptions as described in the notes to the unaudited pro forma condensed consolidated financial statements that our management believes are reasonable under the circumstances. The pro forma adjustments are based on the information available at the date of this filing.

The unaudited pro forma condensed consolidated financial statements and accompanying notes should be read in conjunction with our historical consolidated financial statements and accompanying notes thereto, and our "Management's Discussion and Analysis of Financial Condition and Results of Operation", in our Annual Report on Form 10-K, as amended, for the year ended December 31, 2003 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, (copies of which are being sent to you with this proxy statement and are incorporated herein). In addition, the unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements of the assets being sold pursuant to the proposed transaction with SeraCare, which are set forth below.

BOSTON BIOMEDICA, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

As of March 31, 2004

	Consolidated Boston Biomedica Inc. as Reported March 31, 2004	Net Book Value of BBI Source Scientific Assets and Liablities as of March 31, 2004 Note 1	Adjustments to Record Sale of BBI Source Scientific Note 1	Pro Forma BBI Excluding BBI Source Scientific	Net Book Value of BBI Diagnostics Assets and Liablities Sold as of March 31, 2004	Net Book Value of BBI Biotech Assets and Liablities Sold at March 31, 2004	Pro Forma Adjust.	Footnote Reference	Proceeds Received from Sale of Diagnostics and Biotech to SeraCare; Record Transaction Costs Income Taxes & Escrow	Footnote Reference	Pro Forma Totals Ex Source, Biotech & Diagnostics	Ass Te 6,0 Tend $3.50 No
ASSETS												
CURRENT ASSETS:												
Cash and cash equivalents	$ 1,288,687	$ (47,126)		$ 1,241,561	$ 23,550	$ (121,724)			$ 27,500,000	2, 6	$ 28,643,387	$ (21,
Accounts receivable, net	3,497,405	(260,433)	$ 3,829	3,240,801	(1,619,804)	(1,603,329)					17,668	
Inventories	6,633,829	(813,820)	244,444	6,064,453	(5,289,254)	(516,676)	$ 8,785	Note 8			267,308	
Restricted Cash line of credit bank acount	69,990			69,990							69,990	
Prepaid expenses and other current assets	286,566	(18,396)		268,170	(78,550)	(86,291)					103,329	
Total current assets	11,776,477	(1,139,775)	248,273	10,884,975	(6,964,058)	(2,328,020)	8,785		27,500,000		29,101,682	(21,
Property and equipment, net	4,501,636	(164,141)	91,180	4,428,675	(2,543,475)	(1,794,020)					91,180	
OTHER ASSETS:												
Goodwill and other intangible assets, net	737,749	(227,084)		510,665							510,665	
Restricted cash amount held in escrow									2,500,000		2,500,000	
Investment in Source Scientific LLC			251,889	251,889							251,889	
Notes Receivable			900,000	900,000							900,000	
Other long-term assets	452,356	(29,678)		422,678	(38,626)	(167,008)					217,044	
Total other assets	1,190,105	(256,762)	1,151,889	2,085,232	(38,626)	(167,008)			2,500,000		4,379,598	
TOTAL ASSETS	$ 17,468,218	$ (1,560,678)	$ 1,491,342	$ 17,398,882	$ (9,546,159)	$ (4,289,048)	$ 8,785		$ 30,000,000		$ 33,572,460	$ (21,

	Consolidated Boston Biomedica Inc. as Reported March 31, 2004	Net Book Value of BBI Source Scientific Assets and Liablities as of March 31, 2004 Note 1	Adjustments to Record Sale of BBI Source Scientific Note 1	Pro Forma BBI Excluding BBI Source Scientific	Net Book Value of BBI Diagnostics Assets and Liablities Sold as of March 31, 2004	Net Book Value of BBI Biotech Assets and Liablities Sold at March 31, 2004	Pro Forma Adjust.	Footnote Reference	Proceeds Received from Sale of Diagnostics and Biotech to SeraCare; Record Transaction Costs Income Taxes & Escrow	Footnote Reference	Pro Forma Totals Ex Source, Biotech & Diagnostics	Ass Te 6,00 Tend $3.50 No
LIABILITIES AND STOCKHOLDERS' EQUITY												
CURRENT LIABILITIES:												
Accounts payable	$ 2,022,590	$ (134,126)	$ 50,000	$ 1,938,464	$ (1,227,543)	$ (630,982)	$ 246,418	Note 3			$ 326,357	
Taxes Payable & transaction costs payable									$ 6,500,000		6,500,000	
Accrued employee compensation	1,168,502	(93,362)		1,075,140	(587,099)	(336,927)	(100,394)	Notes 4 & 5			50,720	
Other accrued expenses	500,309	(123,167)	3,137	380,279	(162,860)						217,419	
Net liabilities from discontinued operations	106,880			106,880							106,880	
Line of Credit	518,952			518,952							518,952	
Current maturities of long term debt	58,180			58,180	(58,180)							
Deferred rent and other current liabilities	87,558	(34,077)		53,481	(240)	(53,242)					(1)	
Total current liabilities	4,462,971	(384,732)	53,137	4,131,376	(2,035,922)	(1,021,151)	146,024		6,500,000		7,720,327	
LONG-TERM LIABILITIES:												
Long term debt, less current maturities	2,254,084			2,254,084	(2,254,084)							
Net liabilities from discontinued operations	95,000			95,000							95,000	
Other liabilities	387,030		180,000	567,030		(287,353)					279,677	
Total liabilities	7,199,085	(384,732)	233,137	7,047,490	(4,290,006)	(1,308,504)	146,024		6,500,000		8,095,004	
STOCKHOLDERS' EQUITY:												
Common stock, $.01 par value; 20,000,000 shares auth.; 6,831,896	68,319			68,319							68,319	

	Consolidated Boston Biomedica Inc. as Reported March 31, 2004	Net Book Value of BBI Source Scientific Assets and Liablities as of March 31, 2004 Note 1	Adjustments to Record Sale of BBI Source Scientific Note 1	Pro Forma BBI Excluding BBI Source Scientific	Net Book Value of BBI Diagnostics Assets and Liablities Sold as of March 31, 2004	Net Book Value of BBI Biotech Assets and Liablities Sold at March 31, 2004	Pro Forma Adjust.	Footnote Reference	Proceeds Received from Sale of Diagnostics and Biotech to SeraCare; Record Transaction Costs Income Taxes & Escrow	Footnote Reference	Pro Forma Totals Ex Offer Source, Biotech & Diagnostics	Ass Te 6,00 Tend $3.50 No
issued and outstanding at 3/31/04												
Additional paid-in capital	21,897,849			21,897,849							21,897,849	(20,9
Accumulated deficit	(10,697,035)		82,259	(10,614,776)					15,126,064	1	4,511,288	
Loan receivable from Director and former CEO	(1,000,000)			(1,000,000)							(1,000,000)	
Total stockholders' equity	10,269,133		82,259	10,351,392					15,126,064		25,477,456	(21,0
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$ 17,468,218	$ (384,732)	$ 315,396	$ 17,398,882	$ (4,290,006)	$ (1,308,504)	$ 146,024		$ 21,626,064		$ 33,572,460	$ (21,0

The Pro Forma adjustments to the unaudited pro forma condensed consolidated financial statements assume these transactions occurred on March 31, 2004 as follows:

1. Assumes the sale of certain assets and liabilities of BBI source scientific to third party investors occurred on March 31, 2004. BBI source scientific retains all PCT related assets and liabilities.
2. Adjustment to record the sale of assets and liabilities, having a net book value of $8,382,821, for cash consideration of $30,000,000 (including $2.5m held in escrow), and net of $6.5m of transaction costs, estimated federal and state income taxes, and other related costs.
3. Reflects corporate related accounts payable on BBI diagnostics books.
4. Reflects accrued payroll and earned time associated with PCT employees on BBI diagnostics books.
5. Reflects accrued payroll and earned time on corporate books assignable to BBI diagnostics.
6. The purchase price may be adjusted up or down on a dollar for dollar basis if the net assets sold as of the closing date are greater or less than $8.5m. (calculated in accordance with the formula set forth in the asset purchase agreement).
7. This computation assumes the maximum number of shares being tendered, and the maximum estimate of transaction costs expected to be incurred.
   If 5,500,000 shares were tendered, cash available and stockholders equity would increase by $1,750,000.
   If 5,000,000 shares were tendered, cash available and stockholders equity would increase by $3,500,000.
8. Intercompany inventory adjustment.

BOSTON BIOMEDICA, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
For the Quarter Ended March 31, 2004

	Consolidated Boston Biomedica, Inc. as Reported March 31, 2004	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities Note 8	Pro Forma Adjustments	Footnote Reference	Pro Forma Subtotal Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales from BBIDX to Other BBI Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales From Biotech to Other BBI Entities	Pro Forma Adjustments and Reclassifications	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq	
REVENUE:											
Products	$ 3,263,548	$ 384,122	$ 1,913	5	$ 2,881,339	$ 2,824,292	$ 50,119	$ (2,397)	1	$ 4,531	
Services	2,287,253	19,544	4,892		2,272,601	22,780	2,121,768			128,053	
Total revenue	5,550,801	403,666	6,805		5,153,940	2,847,072	2,171,887	(2,397)		132,584	
COSTS AND EXPENSES:											
Cost of products	1,748,139	323,336	1,913		1,426,716	1,340,993	66,072	(17,386)	1	2,265	
Cost of services	1,626,748	(40,782)	4,892		1,672,422		1,616,565	14,989	1	70,846	
Research and development	489,447	82,022			407,425	68,849	129,376			209,200	
Selling and marketing	721,672	29,868			691,804	617,045	16,768			57,991	
General and administrative	1,192,403	154,811	58,170	6	1,095,762	429,890	419,673	117,056	2,3	363,255	Note 7
Total operating costs and expenses	5,778,409	549,255	64,975		5,294,129	2,456,777	2,248,454	114,659		703,557	
Operating income (loss)	(227,608)	(145,589)	(58,170)		(140,189)	390,295	(76,567)	(117,056)		(570,973)	
Net Interest Expense (income)	62,026	147			61,879	55,953	102			5,824	
Income (Loss) before income taxes	(289,634)	(145,736)	(58,170)		(202,068)	334,342	(76,669)	(117,056)		(576,797)	
Benefit from (Provision for) income taxes	(1,100)	55,380	55,380		(1,100)	(127,050)	29,130	(96,820)	4		
Net income (loss) from continuing operations*	$ (290,734)	$ (90,356)	$ (2,790)		$ (203,168)	$ 207,292	$ (47,539)	$ (213,876)		$ (576,797)	*
* Excludes $135,000 gain from discounted operations clinical laboratory segment											
	$ (0.04)				$ (0.03)					$ (0.08)	

	Consolidated Boston Biomedica, Inc. as Reported March 31, 2004	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities Note 8	Pro Forma Adjustments	Footnote Reference	Pro Forma Subtotal Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales from BBIDX to Other BBI Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales From Biotech to Other BBI Entities	Pro Forma Adjustments and Reclassifications	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq
Net loss per share, basic & diluted, from continuing operations										
Number of shares used to calculate net loss per share, basic and diluted	6,828,585				6,828,585					6,828,585

The Pro Forma adjustments to the unaudited pro forma condensed consolidated financial statements assume these transactions occurred on January 1, 2004, as follows:

1. PCT related sales (and associated expenses) to third party entities made by the various entities being sold, and reclassifications.
2. Add back allocated corporate overhead which is included in the results of operations for BBI Diagnostics and BBI Biotech Research Laboratories, Inc.
3. Deduct certain corporate overhead properly assignable to BBI Diagnostics for General Manager, Human Resource and Information Technology functions.
4. Boston Biomedica, Inc. consolidated results of operations reflect the establishment of a full valuation allowance for deferred tax assets.
5. Add back: intercompany sales made by BBI BioSeq (PCT) to other BBI entities (not already eliminated in Note 1 above) which would now be considered "third party sales" instead of intercompany sales.
6. Add back allocated corporate overhead which is included in the results of operations for BBI Source Scientific.
7. Pro forma G & A expenses are based on allocations of actual expenses incurred by a much larger organization and accordingly may not be indicative of a much smaller company.
8. Reflects the pro forma effects of a sale of certain assets and liabilities of BBI Source Scientific.

BOSTON BIOMEDICA, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED

STATEMENT OF OPERATIONS

For the Quarter Ended March 31, 2003

	Consolidated Boston Biomedica, INC. as Reported as Reported March 31, 2003	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities Note 5	Pro Forma Adjustments	Footnote Reference	Pro Forma Subtotal Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales from BBIDX to Other BBI Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales from Biotech to Other BBI Entities	Pro Forma Adjustments and Reclassifications	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq
REVENUE:										
Products	$ 3,288,257	$ 375,949	$		$ 2,912,308	$ 2,839,043	$ 36,440	$ 33,450	1	$ 70,275
Services and SBIR grant revenues	2,354,617	15,624			2,338,993	23,996	2,099,232	(33,451)	1	182,314
Total revenue	5,642,874	391,573			5,251,301	2,863,039	2,135,672	(1)		252,589
COSTS AND EXPENSES:										
Cost of products	1,618,631	329,242			1,289,389	1,238,664	19,223	33,450	1	64,952
Cost of services	1,838,151	(25,982)			1,864,133	16,164	1,457,615	(387,365)	1	2,989
Research and development	400,680	94,552			306,128	72,905	258,495	353,914		328,642
Selling and marketing	808,294	18,297			789,997	630,797	5,434			153,766
General and administrative	1,167,194	183,983	73,062	6	1,056,273	446,383	443,437	253,663	2,3	420,116 Note 7
Total operating costs and expenses	5,832,950	600,092	73,062		5,305,920	2,404,913	2,184,204	253,662		970,465
Operating income (loss)	(190,076)	(208,519)	(73,062)		(54,619)	458,126	(48,532)	(253,663)		(717,876)
Net Interest Expense (income)	60,391	310			60,081	57,697	1,456			928
Income (Loss) before income taxes	(250,467)	(208,829)	(73,062)		(114,700)	400,429	(49,988)	(253,663)		(718,804)
Benefit from (Provision for)	(3,080)	79,355	79,355		(3,080)	(152,163)	18,995	(130,089)	4	

	Consolidated Boston Biomedica, INC. as Reported as Reported March 31, 2003	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities Note 5	Pro Forma Adjustments	Footnote Reference	Pro Forma Subtotal Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales from BBIDX to Other BBI Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales from Biotech to Other BBI Entities	Pro Forma Adjustments and Reclassifications	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq
income taxes										
Net income (loss) from continuing operations	$ (253,547)	(129,474)	$ 6,293		$ (117,780)	$ 248,266	$ (30,993)	$ (383,752)		$ (718,804)
Net loss per share, basic & diluted, from continuing operations	$ (0.04)	$ (0.02)								$ (0.11)
Number of shares used to calculate net loss per share, basic and diluted	6,789,389	6,789,389								6,789,389

The Pro Forma adjustments to the unaudited pro forma condensed consolidated financial statements assume these transactions occurred on January 1, 2003, as follows:

1. Add back: PCT related sales to third party entities made by the various entities being sold and expenses incurred associated with PCT grant revenues.
2. Add back allocated corporate overhead which is included in the results of operations for BBI Diagnostics and BBI Biotech Research Laboratories, Inc.
3. Deduct certain corporate overhead properly assignable to BBI Diagnostics for General Manager, Human Resource and Information Technology functions.
4. Boston Biomedica, Inc. consolidated results of operations reflect the establishment of a full valuation allowance for deferred tax assets.
5. Reflects the pro forma effects of a sale of certain assets and liabilities of BBI Source Scientific.
6. Add back allocated corporate overhead which is included in the results of operations for BBI Source Scientific.
7. Pro forma G & A expenses are based on allocations of actual expenses incurred by a much larger organization and accordingly may not be indicative of a much smaller company.

BOSTON BIOMEDICA, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2003

	Consolidated Boston Biomedica, Inc. as Reported as Reported December 31, 2003	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities	Pro Forma Adjustments & Reclassification	Footnote References	Pro Forma Total Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales from BBIDX to Other BBI Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales from Biotech to Other BBI Entities	Pro Forma Adjustments	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq
REVENUE:										
Products	$ 13,607,808	$ 1,523,667	$ 90,800	5	$ 12,174,941	$ 11,927,122	$ 158,100	$ 12,677	1	$ 102,396
Services & Grant revenues	9,687,882	99,023	(47,857)	5	9,541,002	130,773	8,867,120	25,496	1	568,605
Total revenue	23,295,690	1,622,690	42,943		21,715,943	12,057,895	9,025,220	38,173		671,001
COSTS AND EXPENSES:										
Cost of products	7,262,815	1,412,149	95,906	5	5,946,572	5,646,488	246,980	12,677	1	65,781
Cost of services	7,602,321	176,949	(296,187)	5	7,129,185	47,097	7,093,179	11,091	1	
Research and development	1,816,273	166,770	136,425	5	1,785,928	287,402	245,067	14,405	1	1,267,864
Selling and marketing	3,282,538	31,573	(89,049)	5	3,161,916	2,731,271	19,141			411,504
General and administrative	4,345,643	628,353	367,528	6,7	4,084,818	1,534,362	1,583,149	516,901	2,3	Note 1,484,2087
Total operating costs and expenses	24,309,590	2,415,794	214,623		22,108,419	10,246,620	9,187,516	555,074		3,229,357
Operating income (loss)	(1,013,900)	(793,104)	(171,680)		(392,476)	1,811,275	(162,296)	(516,901)		(2,558,356)
Net Interest Expense (income)	271,892	1,224			270,668	232,539	4,808			33,321
Income (Loss) before income taxes	(1,285,792)	(794,328)	(171,680)		(663,144)	1,578,736	(167,104)	(516,901)		(2,591,677)
Benefit from (Provision for) income taxes	(3,430)	281,831	281,831		(3,430)	(601,819)	67,299	(531,089)	4	

	Consolidated Boston Biomedica, Inc. as Reported as Reported December 31, 2003	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities	Pro Forma Adjustments & Reclassifications	Footnote References	Pro Forma Total Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales from BBIDX to Other BBI Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales from Biotech to Other BBI Entities	Pro Forma Adjustments	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq
Net income (loss) from continuing operations	$ (1,289,222)	$ (512,497)	$ 110,151		$ (666,574)	$ 976,917	$ (99,805)	$ (1,047,990)		$ (2,591,677)
Net loss per share, basic & diluted, from continuing operations	$ (0.19)				$ (0.10)					$ (0.38)
Number of shares used to calculate net loss per share, basic and diluted	6,810,660				6,810,660					6,810,660

The Pro Forma adjustments to the unaudited pro forma condensed consolidated financial statements assume these transactions occurred on January 1, 2003, as follows:

1. Add back: PCT related sales (and associated expenses) to third party entities made by the various entities being sold.
2. Add back certain allocated corporate overhead which is included in the results of operations for BBI Diagnostics and BBI Biotech Research Laboratories, Inc.
3. Deduct certain corporate overhead properly assignable to BBI Diagnostics for General Manager, Human Resource and Information Technology functions.
4. Boston Biomedica, Inc. consolidated results of operations reflect the establishment of a full valuation allowance for deferred tax assets.
5. Add back: PCT related expenses incurred by other entities, and reclassifications
6. Add back includes allocated corporate overhead which is included in the results of operations for BBI Source Scientific.
7. Pro forma G & A expenses are based on allocations of actual expenses incurred by a much larger organization and accordingly are not necessarily indicative of a much smaller company.

BOSTON BIOMEDICA, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2002

	Consolidated Boston Biomedica, Inc. as Reported December 31, 2002	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities Note 5	Pro Forma Adjustments	Footnote Reference	Pro Forma Subtotal Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales to Other BBI Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales to Other BBI Entities	Pro Forma Adjustments and Reclassifications	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq
REVENUE:										
Products	$ 12,696,830	$ 1,609,522	$		$ 11,087,308	$ 10,911,275	$ 158,500	$ 31,217	1	$ 48,750
Services	10,067,807	131,317			9,936,490	626,191	8,663,266	21,780	1	668,813
Total revenue	22,764,637	1,740,839			21,023,798	11,537,466	8,821,766	52,997		717,563
COSTS AND EXPENSES:										
Cost of products	6,535,429	1,215,467			5,319,962	5,175,077	112,502	31,217	1	63,600
Cost of services	7,727,137	(122,731)			7,849,868	264,014	6,589,133	(996,721)	1	
Research and development	2,611,060	336,007			2,275,053	566,003	928,837	1,018,501	1	1,798,714
Selling and marketing	3,286,183	158,788			3,127,395	2,561,131	98,429			467,835
General and administrative	4,108,734	501,183	225,188	6	3,832,739	1,492,749	1,412,147	215,132	2,3	Note 1,142,9757
Total operating costs and expenses	24,268,543	2,088,714	225,188		22,405,017	10,058,974	9,141,048	268,129		3,473,124
Operating income (loss)	(1,503,906)	(347,875)	(225,188)		(1,381,219)	1,478,492	(319,282)	(215,132)		(2,755,561)
Net Interest Expense (income)	206,162	(450)			206,612	237,087	8,851			(39,326)
Income (Loss) before income taxes	(1,710,068)	(347,425)	(225,188)		(1,587,831)	1,241,405	(328,133)	(215,132)		(2,716,235)
Benefit from (Provision for) income taxes	(2,936)	132,022	132,022		(2,936)	(467,074)	124,691	(339,447)	4	
Net income (loss) from continuing operations*	$ (1,713,004)	$ (215,403)	$ (93,166)		$ (1,590,767)	$ 774,331	$ (203,442)	$ (554,579)		$ (2,716,235)

	Consolidated Boston Biomedica, Inc. as Reported December 31, 2002	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities Note 5	Pro Forma Adjustments	Footnote Reference	Pro Forma Subtotal Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales to Other BBI Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales to Other BBI Entities	Pro Forma Adjustments and Reclassifications	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq
* Excludes $225,000 gain from discontinued operations clinical laboratory segment.										
Net loss per share, basic & diluted, from continuing operations*	$ (0.26)				$ (0.24)					$ (0.41)
Number of shares used to calculate net loss per share, basic and diluted	6,660,662				6,660,662					6,660,662

The Pro Forma adjustments to the unaudited pro forma condensed consolidated financial statements assume these transactions occurred on January 1, 2002, as follows:

1. add back: PCT related sales (and associated expenses) to third party entities made by the various entities being sold, and reclassifications.
2. Add back allocated corporate overhead which is included in the results of operations for BBI Diagnostics and BBI Biotech Research Laboratories, Inc.
3. Deduct certain corporate overhead properly assignable to BBI Diagnostics for General Manager, Human Resource and Information Technology functions.
4. Boston Biomedica, Inc. consolidated results of operations reflect the establishment of a full valuation allowance for deferred tax assets.
5. Reflects the pro forma effects of a sale of certain assets and liabilities of BBI Source Scientific.
6. Add back allocated corporate overhead which is included in the results of operations for BBI Source Scientific.
7. Pro forma G & A expenses are based on allocations of actual expenses incurred by a much larger organization and accordingly may not be indicative of a much smaller company.

BOSTON BIOMEDICA, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2001

	Consolidated Boston Biomedica, Inc. as Reported as Reported December 31, 2001	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities Note 5	PRO Forma Adjustments	Footnote Reference	Pro Forma Subtotal Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales to Other Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales to Other BBI Entities	Pro Forma Adjustments	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq	
REVENUE:											
Products	$ 13,092,771	$ 1,894,502	$	5	$ 11,198,269	$ 10,971,651	$ 226,618			$	
Services	8,733,336	106,214			8,627,122	488,781	7,746,475			391,866	
Total revenue	21,826,107	2,000,716			19,825,391	11,460,432	7,973,093			391,866	
COSTS AND EXPENSES:											
Cost of products	6,337,437	1,355,522			4,981,915	4,993,607	(11,692)				
Cost of services	6,783,329	434,407			6,348,922	279,875	6,069,047				
Research and development	2,303,350	(229,337)			2,532,687	426,750	869,569			1,236,368	
Selling and marketing	2,916,013	283,968			2,632,045	2,631,728				317	
General and administrative	3,976,568	615,750	190,442	6	3,551,260	1,454,448	1,258,267	85,799	2,3	924,344	Note 7
Total operating costs and expenses	22,316,697	2,460,310	190,442		20,046,829	9,786,408	8,185,191	85,799		2,161,029	
Operating income (loss)	(490,590)	(459,594)	(190,442)		(221,438)	1,674,024	(212,098)	(85,799)		(1,769,163)	
Net Interest Expense (income)	380,493	573			379,920	241,766	7,032			131,122	
Income (Loss) before income taxes	(871,083)	(460,167)	(190,442)		(601,358)	1,432,258	(219,130)	(85,799)		(1,900,285)	
Benefit from (Provision for) income taxes	(15,678)	174,864	174,864		(15,678)	(544,258)	83,270	(445,310)	4		
Net income (loss) from continuing operations*	$ (886,761)	$ (285,303)	$ (15,578)		$ (617,036)	$ 888,000	$ (135,860)	$ (531,109)		$ (1,900,285)	
Net loss per share, basic & diluted, from continuing operations*	$ (0.14)				$ (0.10)					$ (0.31)	

	Consolidated Boston Biomedica, Inc. as Reported as Reported December 31, 2001	Adjusted BBI Source Scientific Excluding PCT Activities and Intercompany Sales from BBI Source to Other BBI Entities Note 5	PRO Forma Adjustments	Footnote Reference	Pro Forma Subtotal Excl Source	Adjusted BBI Diagnostics Excluding PCT Activities and Intercompany Sales to Other Entities	Adjusted BBI Biotech Research Laboratories, Inc. Excluding PCT Activities and Intercompany Sales to Other BBI Entities	Pro Forma Adjustments	Footnote Reference	Pro Forma Total Corp., PCT and BBI BioSeq
Number of shares used to calculate net loss per share, basic and diluted	6,204,384				6,204,384					6,204,384

*Excludes $4,344,498 gain from discontinued operations clinical laboratory segment.

The Pro Forma adjustments to the unaudited pro forma condensed consolidated financial statements assume these transactions occurred on January 1, 2001, as follows:

1. add back: PCT related sales (and associated expenses) to third party entities made by the various entities being sold.
2. Add back allocated corporate overhead which is included in the results of operations for BBI Diagnostics and BBI Biotech Research Laboratories, Inc.
3. Deduct certain corporate overhead properly assignable to BBI Diagnostics for General Manager, Human Resource and Information Technology functions.
4. Boston Biomedica, Inc. consolidated results of operations reflect the establishment of a full valuation allowance for deferred tax assets.
5. Reflects sale of certain assets and liabilities of BBI Source Scientific.
6. Add back allocated corporate overhead which is included in the results of operations for BBI Source Scientific.
7. Pro forma G & A expenses are based on allocations of actual expenses incurred by a much larger organization and accordingly may not be indicative of a much smaller company.

Vote Required and Board Recommendation

The approval of the sale of the assets of our BBI Core Businesses to SeraCare requires the affirmative vote of two-thirds of the shares of our common stock outstanding and entitled to vote at the special meeting. As described above under the section entitled " Voting Agreements" certain stockholders who hold as of the record date an aggregate of 2,824,189 shares of our common stock (approximately 32% of the outstanding shares entitled to vote at the special meeting on the record date) have entered into voting agreements pursuant to which they have agreed to vote their shares in favor of the sale to SeraCare.

Our board of directors unanimously believes that the proposed sale to SeraCare pursuant to the asset purchase agreement is in the best interests of our company and our stockholders and unanimously recommends that stockholders vote "FOR" the proposal to sell the assets of our BBI Core Businesses to SeraCare pursuant to the asset purchase agreement, including the transactions contemplated thereby.

PROPOSAL NO. 2

CORPORATE NAME CHANGE

General

In connection with the sale of assets to SeraCare, we have agreed to change our corporate name to a name that does not include the words "Boston Biomedica," or any derivations thereof. Under Massachusetts law, a change in our corporate name requires an amendment to our Restated Articles of Organization, as amended. Our board of directors has approved and is recommending to stockholders for their approval a proposal to amend our Restated Articles of Organization, as amended, to change our name from "Boston Biomedica, Inc." to "Pressure BioSciences, Inc."

To effect the corporate name change we would file Articles of Amendment to our Restated Articles of Organization, as amended, to insert the name "Pressure BioSciences, Inc." in lieu of Boston Biomedica, Inc. If the amendment to change our corporate name is approved by our stockholders we would expect to file the Articles of Amendment to effect the corporate name change with the Secretary of State of the Commonwealth of Massachusetts as soon as practicable, subject to the closing of the sale of our BBI Core Businesses to SeraCare. The name change will become effective upon the filing of the Articles of Amendment with the Secretary of State of the Commonwealth of Massachusetts. In the event that the sale to SeraCare is not completed, our board of directors has reserved the right to abandon the amendment and retain the name "Boston Biomedica, Inc." Because Proposal No. 2 is only relevant if Proposal No. 1 is approved, the approval of Proposal No. 2 necessitates the approval of Proposal No. 1. In the event that Proposal No. 1 is approved, but Proposal No. 2 is not approved, we will discuss with SeraCare alternative arrangements to ensure that SeraCare receives the benefit of our corporate name "Boston Biomedica".

Massachusetts law does not offer stockholders appraisal rights in connection with a change in the corporate name.

Vote Required

The proposal to change our name by amending our Restated Articles of Organization, as amended, requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding and entitled to vote. As described above under the section entitled " Voting Agreements" certain stockholders who hold as of the record date an aggregate of 2,824,189 shares of our common stock (approximately 32.0% of the outstanding shares entitled to vote at the special meeting on the record date) have entered into voting agreements pursuant to which they have agreed to vote their

shares in favor of the transactions contemplated by the asset purchase agreement, which includes the amendment to our Restated Articles of Organization, as amended, to change our corporate name.

Our board of directors unanimously recommends that you vote "FOR" the proposal to amend our Restated Articles of Organization, as amended, to change our name to Pressure BioSciences, Inc.

PROPOSAL NO. 3

GRANT OF DISCRETIONARY AUTHORITY TO ADJOURN THE SPECIAL MEETING TO SOLICIT ADDITIONAL PROXIES

Although it is not expected, the special meeting may be adjourned for the purpose of soliciting additional proxies. Any such adjournment of the special meeting may be made without notice, other than by the announcement made at the special meeting, by approval of the holders of a majority of the shares of our common stock present in person or by proxy and entitled to vote at the special meeting, whether or not a quorum exists. We are soliciting proxies to grant discretionary authority to the persons named as proxies to adjourn the special meeting for the purpose of soliciting additional proxies in favor of Proposal Nos. 1 or 2. The individuals to whom proxies are granted will have the discretion to decide whether or not to use the authority granted to them pursuant to Proposal No. 3 to adjourn the special meeting.

Vote Required

Approval of the adjournment proposal requires the affirmative vote of the holders of a majority of the shares of our common stock present in person or by proxy and entitled to vote at the special meeting, whether or not a quorum exists.

Our board of directors unanimously recommends that you vote "FOR" the proposal to grant management the discretionary authority to adjourn the special meeting to solicit additional proxies in favor of Proposal Nos. 1 or 2.

STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of April 30, 2004 by each person known to us to beneficially own more than 5% of our common stock, by each director, named executive officers, and by all officers and directors as a group. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose or to direct the disposition of such security. The number of shares beneficially owned also includes any shares the person has the right to acquire

within the next 60 days. Unless otherwise indicated, each person is the record owner of and has sole voting and investment power over his or her shares.

Name	Number of Shares of Common Stock Beneficially Owned	Percent of Class
Richard T. Schumacher(1)(5)* 65 Black Pond Road Taunton, MA 02780	750,297	10.81%
Kevin W. Quinlan(1)	135,744	1.95%
Mark M. Manak, Ph.D.(1)(2)	65,257	**
Kathleen W. Benjamin(1)	23,916	**
Richard J. D'Allessandro(1)	17,250	**
Calvin A. Saravis, Ph.D.(1)	45,540	**
R. Wayne Fritzsche(1)	1,250	**
J. Donald Payne(1)	11,250	**
P. Thomas Vogel(1)	11,250	**
All Executive Officers and Directors as a group (12 Persons)(1)(2)	1,156,932	15.97%
Richard P. Kiphart(3)* c/o William Blair & Company, L.L.C. 222 West Adams Street Chicago IL 60606	1,542,989(3)(4)	22.60%
Shoreline Micro-Cap Fund I LP(4)* c/o William Blair & Company, L.L.C. 222 West Adams Street Chicago, IL 60606	365,613(4)	5.35%

* Address provided for beneficial owners of more than 5% of the Common Stock.

** Less than 1% of the outstanding Common Stock.

(1) Includes the following shares issuable upon exercise of options exercisable within 60 days after April 30, 2004: Mr. Schumacher 67,500; Mr. Quinlan 104,000; Dr. Manak 36,750; Ms. Benjamin 22,250; Mr. D'Allessandro 16,250; Dr. Saravis 34,584; Mr. Fritzsche 1,250; Mr. Payne 11,250; Mr. Vogel 11,250; all other Executive Officers 66,875. 629,957 of Mr. Schumacher's shares of stock have been pledged to a financial institution.

(2) Includes 4,000 shares held of record by Dr. Manak's daughter and 24,507 shares held in Dr. Manak's name.

(3) Includes 90,000 shares held by Rebecca Kiphart (Mr. Kiphart's daughter), and also currently exercisable warrants (expiring August 2005) to purchase 27,734 shares of common stock. This amount also includes 365,613 shares beneficially owned by Shoreline Micro-Cap Fund I LP described in Note 4 below.

(4) Includes 357,791 shares, and also currently exercisable warrants (expiring August 2005) to purchase 7,822 shares of common stock, held by Shoreline Micro-Cap Fund I LP, a fund of which Mr. Kiphart serves as general partner and has the sole power to vote and dispose or direct the disposition of shares held by Shoreline Micro-Cap Fund I LP.

(5) Includes 20,473 shares and 24,417 options held by Mr. Schumacher's spouse.

PROPOSALS OF STOCKHOLDERS

Proposals which stockholders intend to present at our 2004 annual meeting of stockholders and wish to have included in our proxy materials pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended, must be received by us no later than August 6, 2004.

Stockholders who wish to make a proposal at our 2004 annual meeting other than one that will be included in our proxy materials should notify us no later than August 16, 2004. If a proponent who wishes to present such a proposal at the 2004 annual meeting fails to notify us by this date, the proxies solicited by our board of directors, with respect to such meeting, may grant discretionary authority to the proxies named therein, to vote with respect to such matter if such matter is properly brought before the meeting. If a stockholder makes a timely notification, the proxies may still exercise discretionary authority under circumstances consistent with the proxy rules of the SEC.

OTHER MATTERS

Our board of directors is not aware of any matter to be presented for action at the special meeting other than the matters set forth herein. Should any other matter requiring a vote of stockholders arise, the proxies in the enclosed form confer upon the person or persons entitled to vote the shares represented by such proxies discretionary authority to vote the same in accordance with their best judgment in the interest of our company.

ADDITIONAL INFORMATION

We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and we file reports, proxy statements and other information with the SEC. You may read and copy any materials we file with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our public filings are also available to the public from commercial document retrieval services and at the Internet website maintained by the SEC at http://www.sec.gov.

In conjunction with this proxy statement, we are sending you a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2003, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, Amendment No. 1 to our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2003, our Current Report on Form 8-K dated April 16, 2004 and our Current Report on Form 8-K dated June 16, 2004, all of which are incorporated herein by this reference.

By Order of the Board of Directors

Kathleen W. Benjamin, *Clerk*

August , 2004

Appendix A

ASSET PURCHASE AGREEMENT

by and between

Boston Biomedica, Inc. ("Parent") and
BBI Biotech Research Laboratories, Inc. ("BBI Biotech")

(collectively "Seller"),

and

SeraCare Life Sciences, Inc.

as "Buyer"

Dated: April 16, 2004

ASSET PURCHASE AGREEMENT

TABLE OF CONTENTS

EXHIBITS		
Exhibit		
A	Facilities	A-1
B	Escrow Agreement	B-1
C	Reserved	C-1
D	Deed	D-1
E	Bill of Sale	E-1
F	Assignment of Leases	F-1
G	Assignment of Contract Rights	G-1
H	Assignment of Patents and Trademarks	H-1
I	Assumption of Certain Liabilities	I-1
J	Reserved	J-1
K	Reserved	K-1
L	Agreement Not to Compete	L-1
M	Form of Legal Opinion of Buyer's Counsel	M-1
N	Form of Legal Opinion of Seller's Counsel	N-1
O	Title Insurance Policy on the Owned Real Property	O-1
P	Stockholder Voting Agreement	P-1
Q	Transition Services Agreement	Q-1

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement, dated as of April 16, 2004, is by and among Boston Biomedica, Inc., a Massachusetts corporation ("Parent") and BBI Biotech Research Laboratories, Inc., a Massachusetts corporation ("BBI Biotech", and together with Parent, the "Seller"), and SeraCare Life Sciences, Inc., a California corporation ("Buyer").

RECITALS

A. Seller owns certain assets which it uses in the conduct of the Business (as defined below). BBI Biotech is a wholly owned subsidiary of Parent.

B. Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, such assets upon the terms and subject to the conditions of this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the respective covenants and promises contained herein and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 *Defined Terms.* As used herein, the terms below shall have the following meanings. Any of such terms, unless the context otherwise requires, may be used in the singular or plural, depending upon the reference.

"*Action*" shall mean any action, claim, suit, litigation, proceeding, labor dispute, arbitral action, criminal prosecution, governmental audit, inquiry or investigation or unfair labor practice charge or complaint.

"*Affiliate*" shall have the meaning set forth in the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"*Ancillary Agreements*" shall mean the Non-Competition Agreement, the Transition Services Agreement and the Voting Agreements.

"*Assumed Leases*" shall mean all Leases listed on *Schedule 4.7,* and all Leases which are not required to be listed on *Schedule 4.7* which Buyer, in its sole discretion, elects to accept and assume.

"*Balance Sheet*" shall mean the audited consolidated balance sheet of Parent as of December 31, 2003, included in the Financial Statements for the year ended December 31, 2003, together with the notes thereon.

"*Balance Sheet Date*" shall mean December 31, 2003.

"*Books and Records*" shall mean (a) all records and lists of Seller relating to the Purchased Assets or the Business, including lists of customers, suppliers or personnel of Seller in the Business, (b) all product, business and marketing plans of Seller relating to the Purchased Assets or the Business, and (c) all books, ledgers, files, reports, plans, drawings and operating records of every kind maintained by Seller relating to the Business or the Purchased Assets, but excluding Seller's minute books, stock books and Tax returns; provided, however, that copies of such Tax records shall be provided to Buyer at the Closing and copies of such minute books and stock books shall be made available by Seller for inspection by Buyer upon reasonable request by Buyer.

"*Business*" shall mean the business carried on through Parent's business unit that is currently known as "BBI Diagnostics" or "BBIDx" which is the development, manufacture, marketing and sale of quality control products used to monitor and measure test kits performance, including but not limited to Accurun Controls, Quality Control Panels, Basematrix, specialty reagents and Accuchart QC Systems; and the business carried on by BBI Biotech which is the research and development support for the quality control products, specialty reagents, contract research for the NIH, and other government contracts, molecular and cellular biology services, blood and tissue processing and repository services, clinical trials for domestic and foreign test kits and device manufacturers.

"*Closing Date*" shall mean the third business day after the last of the conditions set forth in Article VII and VIII hereof is satisfied or waived, other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions, or such other date as Buyer and Seller shall mutually agree upon.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder.

"*Confidentiality Agreement*" shall mean that certain Confidentiality Agreement dated January 9, 2003 between Parent and Buyer.

"*Contract*" shall mean any agreement, contract, note, loan, evidence of indebtedness, accepted purchase order, letter of credit, indenture, security or pledge agreement, franchise agreement, covenant not to compete, employment agreement, license, obligation or commitment to which Seller is a party or is bound or which relates to the Business or the Purchased Assets, whether oral or written, but excluding all Leases.

"*Contract Rights*" shall mean all of Seller's rights and obligations under the Contracts listed on *Schedule 4.7* and under any Contracts relating to the Business not so listed which Buyer, in its sole discretion, elects to accept and assume.

"*Copyrights*" shall mean all copyrights relating to the Business, including but not limited to the websites relating to the Business, and all registrations or applications for registration of any copyright.

"*Court Order*" shall mean any judgment, decision, consent decree, injunction, ruling or order of any federal, state or local court or governmental agency, department or authority that is binding on any person or its property under applicable law.

"*Default*" shall mean (a) a breach of or default under any Contract, Permit or Lease, (2) the occurrence of an event that with the passage of time or the giving of notice or both would constitute a breach of or default under any Contract, Permit or Lease, or (3) the occurrence of an event that with or without the passage of time or the giving of notice or both would give rise to a right of termination, renegotiation or acceleration under any Contract, Permit or Lease.

"*Disclosure Schedule*" shall mean a schedule executed and delivered by Seller to Buyer as of the date hereof which sets forth the exceptions to the representations and warranties contained in Article IV hereof and certain other information called for by this Agreement. Unless otherwise specified, each reference in this Agreement to any numbered schedule is a reference to that numbered schedule which is included in the Disclosure Schedule. The sections of the Disclosure Schedule have been numbered to correspond to the applicable section of this Agreement and, together with all matters under such heading, shall be deemed to qualify ONLY that section, unless it is reasonably apparent upon reading the disclosure that the disclosure is intended to qualify another section as well, in which case such disclosure shall also be deemed to qualify such additional section. The Schedules may include items or information which the Parent or BBI

Biotech, as applicable, are not required to disclose under this Agreement. Inclusion of any item in a Schedule (i) does not represent a determination by the Parent or BBI Biotech, as applicable, that such item is material or will have a Material Adverse Effect nor shall it be deemed to establish a standard of materiality, and (ii) does not represent a determination by Parent or BBI Biotech, as applicable, that such item did not arise in the ordinary course of business. Headings have been inserted in sections of the Schedules for the convenience of reference only and shall to no extent affect the construction or interpretation of any of the provisions of this Agreement or the Schedules.

"*Domain Names*" shall mean all Internet domain names used in the Business.

"*Encumbrance*" shall mean any claim, lien, pledge, option, charge, easement, security interest, deed of trust, mortgage, right-of-way, encroachment, building or use restriction, conditional sales agreement, encumbrance or other right of third parties other than Permitted Encumbrances, whether voluntarily incurred or arising by operation of law or otherwise, and includes, without limitation, any agreement to give any of the foregoing in the future, and any contingent sale or other title retention agreement or Lease in the nature thereof.

"*Excluded Assets*" shall include only:

(a) those assets owned by Parent or BBI BioSeq, Inc. that do not relate to the Business, all of which are set forth on *Schedule 1.1E(i)*, and all of the assets owned by BBI Source Scientific, Inc.;

(b) Parent's rights in the capital stock it owns of Panacos Pharmaceuticals, Inc., and Parent's rights under the investment documents set forth on *Schedule 1.1E(ii)*.

(c) all Permits listed on *Schedule 1.1E(iii)*;

(d) all computers listed on *Schedule 1.1E(iv)* and computer software that both (i) is not material to the Business and (ii) has a replacement cost of less than $2,500 for all such software;

(e) all insurance policies listed on *Schedule 1.1E(v)*;

(f) all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind against any person or entity not relating to the Business or arising out of or relating to the Purchased Assets, to the extent related to the Excluded Liabilities;

(g) all intercompany receivables and payables of Seller which are owed by or to Parent or any entity which, after the Closing Date, is an Affiliate of Parent or BBI Biotech;

(h) the loan receivable and accrued interest relating thereto from Richard T. Schumacher appearing on the Parent's Balance Sheet;

(i) the Lease Deposit;

(j) the Contracts listed on *Schedule 1.1E(vi)*;

(k) the representations, warranties and guarantees listed on *Schedule 1.1(E)(vii)*; and

(l) all cash and cash equivalents of Seller.

"*Facilities*" shall mean all plants, offices, manufacturing facilities, stores, warehouses, improvements, administration buildings, and all real property and related facilities which are identified or listed on *Exhibit A* attached hereto.

"*Facility Leases*" shall mean all of the Leases of Facilities listed on *Schedule 4.6*.

"*Fixtures and Equipment*" shall mean all of the furniture, fixtures, furnishings, machinery, automobiles, trucks, spare parts, supplies, equipment, tooling, molds, patterns, dies and other tangible personal property owned by Parent or BBI Biotech and used in connection with the Business, wherever located and including any such Fixtures and Equipment in the possession of any of Seller's suppliers, including all warranty rights with respect thereto.

"*Former Facility*" shall mean each plant, office, manufacturing facility, store, warehouse, improvement, administrative building and all real property and related facilities which was owned, leased or operated by Seller in connection with the Business at any time prior to the date hereof, but excluding any Facilities.

"*Frederick Lease*" means that certain lease agreement, dated March 1, 2004, between MIE Properties, Inc. and BBI Biotech for the property located at 8425 Progress Drive, Suites A-Y, Frederick, Maryland.

"*Insurance Policies*" shall mean the insurance policies listed on *Schedule 4.22*.

"*Inventory*" shall mean all inventory relating to the Business held for resale in the Business or used in connection with the Business and all of Parent's and BBI Biotech's raw materials, work in process, finished products, wrapping, supply and packaging items and similar items with respect to the Business, in each case wherever the same may be located. Such inventory shall consist of new and unused items of a quality and quantity usable or saleable in the ordinary course of business and valued in accordance with GAAP at the lower of cost or market on a first-in-first-out basis consistent with the Past Practices.

"*Lease Deposit*" shall mean that certain cash deposit of $110,000 deposited by Parent with MIE Properties, Inc. under the Frederick Lease.

"*Leased Real Property*" shall mean all property described in the Facility Leases.

"*Leasehold Estates*" shall mean all of Seller's rights and obligations as lessee under the Leases.

"*Leasehold Improvements*" shall mean all leasehold improvements situated in or on the Leased Real Property and owned by Seller.

"*Leases*" shall mean all of the existing leases with respect to the personal or real property of Seller, including but not limited to all leases with respect to the personal and real property of Parent and BBI Biotech used in the Business.

"*Liabilities*" shall mean any direct or indirect liability, indebtedness, obligation, commitment, expense, claim, deficiency, guaranty or endorsement of or by any person of any type, whether accrued, absolute, contingent, matured, unmatured or other.

"*Material Adverse Effect" or "Material Adverse Change*" shall mean with respect to the Business or the Purchased Assets any material adverse effect or change in the financial condition, business, results of operations, Purchased Assets, Liabilities or operations of the Business or on the ability of Seller to consummate the transactions contemplated hereby, or any event or condition which would, with the passage of time, reasonably be expected to constitute a "Material Adverse Effect" or "Material Adverse Change."

"*Mortgage*" shall mean that certain Mortgage and Security Agreement between Commerce Bank and Trust Company and Parent, dated March 31, 2000.

"*Non-Competition Agreement*" shall mean the Non-Competition Agreement to be entered into between Buyer and Richard Schumacher, the form of which is attached hereto as *Exhibit L*.

"*Ordinary Course of Business*" or "*ordinary course*" or any similar phrase shall mean the ordinary course of the Business and consistent with Seller's past practice.

"*Owned Real Property*" shall mean all real property used in the Business and owned by Seller, including without limitation all rights, easements and privileges appertaining or relating thereto, all buildings, fixtures, and improvements located thereon and all Facilities thereon, if any.

"*Past Practices*" means the principles and procedures set forth on *Schedule 1.1P*

"*Parent's Rights Plan*" shall mean that certain Rights Agreement dated as of February 27, 2003 between Boston Biomedica, Inc., and Computershare Trust Company, Inc.

"*Patents*" shall mean all patents and patent applications and registered design and registered design applications relating to the technology or know-how used in the Business.

"*Permits*" shall mean all licenses, permits, franchises, approvals, authorizations, consents or orders of, or filings with, any governmental authority, whether foreign, federal, state or local, necessary for the present conduct of, or relating to the operation of the Business.

"*Permitted Encumbrances*" shall mean (a) liens for Taxes and other governmental assessments or charges not yet due and payable or which are set forth on *Schedule 1.1Q* and are being contested in good faith and by appropriate proceedings; (b) minor liens which in the aggregate related to claims totaling less than $25,000, do not materially detract from the value or transferability of the property or assets subject thereto or materially interfere with the present use and have not arisen other than in the ordinary course of business; (c) title exceptions identified on the title insurance policy attached hereto as *Exhibit O*; and (d) the Mortgage.

"*Person*" shall mean an association, a corporation, an individual, a partnership, a trust or any other entity or organization, including any governmental entity.

"*Proprietary Rights*" shall mean all Copyrights, Patents, Trademarks, Domain Names, technology rights and licenses, computer software (including without limitation any source or object codes therefor or documentation relating thereto), confidential information, trade secrets, franchises, know-how, inventions, designs, specifications, plans, drawings and all other intellectual property rights all as used in the Business.

"*Purchased Assets*" shall mean all of the business, properties, assets, privileges, claims, contracts and rights of every kind and nature, whether tangible or intangible, real or personal, absolute or contingent, wherever located, used in connection with, or relating to, the Business, including those assets identified on the Balance Sheet and any additional assets which may be acquired by Parent or BBI Biotech for the Business after the Balance Sheet Date through the date of Closing, and which specifically include all of Seller's right, title and interest in the following:

(a) all accounts and notes receivable (whether current or noncurrent), refunds (including without limitation any prepaid insurance premiums) relating to the Business;

(b) all Contract Rights (but excluding all rights and obligations under the Contracts listed on *Schedule 1.1(E)(vi)*;

(c) all Assumed Leases and Leasehold Estates;

(d) all Owned Real Property;

(e) all Leasehold Improvements;

(f) all Fixtures and Equipment;

(g) all Inventory;

(h) all Books and Records;

(i) all Proprietary Rights;

(j) all Permits other than those non-transferable Permits listed on *Schedule 1.1(E)(iii)*;

(k) all computers and software used in the Business, including but not limited to I Renaissance software, data entry software, government contracting software, including Procas, Microsoft Office, but excluding (i) computer software that both (A) is not material to the Business and (B) has a replacement cost of less than $2,500 for all such software and (ii) the computers listed on *Schedule 1.1(E)(iv)*;

(l) all Insurance Policies, other than the Insurance Policies listed on *Schedule 1.1(E)(v)*;

(m) all supplies, sales literature, promotional literature, customer, supplier and distributor lists, art work, display units, telephone and fax numbers and purchasing records related to the Business;

(n) all rights under or pursuant to all warranties, representations and guarantees made by suppliers in connection with the Purchased Assets or services furnished to Seller pertaining to the Business or affecting the Purchased Assets, other than the warranties, representations and guarantees listed on *Schedule 1.1(E)(vii)*;

(o) all deposits, prepayments and prepaid expenses of Parent or BBI Biotech relating to the Business, but excluding the Lease Deposit;

(p) all assets of BBI Biotech; and

(q) all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind, against any person or entity, including without limitation, any liens, security interests, pledges or other rights to payment or to enforce payment in connection with products delivered by Parent or BBI Biotech in the Business on or prior to the Closing Date;

For the avoidance of doubt, the Purchased Assets shall exclude the Excluded Assets and shall exclude any assets sold by Seller in the ordinary course of Business subsequent to the Balance Sheet Date to the extent such sale is permitted under Section 6.5.

"*Regulations*" shall mean any laws, statutes, ordinances, regulations, rules, FDA guidelines, EU-IVDD guidelines and orders of any foreign, federal, state or local government and any other governmental department or agency, including without limitation Environmental Laws, energy, motor vehicle safety, public utility, zoning, building and health codes, occupational safety and health and laws respecting employment practices, employee documentation, terms and conditions of employment and wages and hours.

"*Representative*" shall mean any officer, director, principal, attorney, agent, employee or other representative.

"*Revolving Credit and Security Agreement*" means that certain Revolving Credit and Security Agreement by and among Parent, BBI Biotech, BBI Source Scientific, Inc., BBI Bioseq, Inc. and CapitalSource Finance LLC, dated February 5, 2004.

"*Subsidiary*" shall mean any Person in which Seller has a direct or indirect equity or ownership interest in excess of 20% and which participates in the conduct of the Business or which owns any of the Purchased Assets.

"*Tax*" shall mean any federal, state, local, foreign or other tax, levy, fee, assessment or other government charge, including without limitation income, estimated income, business, occupation, franchise, property, payroll, personal property, sales, transfer, use, employment, occupancy, franchise or withholding taxes, including without limitation interest, penalties and additions in connection therewith.

"*Trademarks*" shall mean registered trademarks, registered service marks, trademark and service mark applications and unregistered trademarks and service marks used in the Business.

"*Transition Services Agreement*" shall mean the Transition Services Agreement to be entered into by and among Buyer and Parent, the form of which is attached hereto as *Exhibit Q*.

"*Voting Agreements*" shall mean, collectively, (i) that certain Voting Agreement, dated as of the date hereof, by and between Buyer and Richard Schumacher in the form attached hereto as *Exhibit P-1*, and (ii) that certain Voting Agreement, dated as of the date hereof, by and among Buyer, Richard P. Kiphart, Rebecca Kiphart and Shoreline Mircrocap Fund I, L.P. in the form attached hereto as *Exhibit P-2*.

1.2 *Other Defined Terms.* The following terms shall have the meanings defined for such terms in the Sections set forth below:

Term	Section
Adjustment Amount	2.5(b)
Acquisition Proposal	6.2(c)
Acquisition Transaction	6.2(c)
Assumed Liabilities	2.2
Assumption Document	3.2(b)
Benefit Arrangement	4.19(a)
BBI Biotech	Recitals
Buyer	Recitals
Buyer SEC Filings	5.5(a)
CERCLA	4.28(a)
Claim	10.4(d)
Claim Notice	10.4(d)
Closing	3.1
Closing Balance Sheet	2.5(a)
Closing Net Asset Value	2.5(b)
Commitment Letters	5.6
Confidential Information	12.1(b)
Damages	10.4(a)
Defaulting Party	11.3
Employee Plans	4.19(a)
Environmental Conditions	4.28(a)
Environmental Laws	4.28(a)
ERISA	4.19(a)
ERISA Affiliate	4.19(a)
Escrow Agreement	2.4(b)
Escrowed Amount	2.4(b)
Estimated Adjustment Amount	2.4(c)
Evaluation Date	4.11
Exchange Act	4.10(a)

Excluded Liabilities	2.3
Expenses	11.3
FAR	2.9(e)
Financial Statements	4.10(b)
Financing	6.9
GAAP	4.10(b)
Government Contracts	2.9(a)
Hazardous Substance	4.28(a)
Incomplete Contracts	6.16
Independent Accountant	2.5(d)
Inventory Service	2.6
JAMS	12.13
Long-term Government Contracts	2.9(b)
Objection Notice	2.5(d)
Outside Date	11.1(b)
Parent	Recitals
Parent SEC Filings	4.10(a)
Parent Stockholders	6.7(a)
Proper Authorities	2.9(e)
Proxy Statement	6.7(a)
Purchase Price	2.4(a)
RCRA	4.28(a)
Release	4.28(a)
Rehired Employee	6.6(a)
SEC	4.10(a)
Securities Act	4.10(a)
Short-term Government Contracts	2.9(b)
SOPs	8.13
Special Meeting	6.7(a)
Stockholder Approval Matters	6.7(a)
Superior Offer	6.2(b)
Target Net Asset Value	2.5(b)
Termination Fee	11.3
Triggering Event	11.1(i)
WARN Act	4.12(d)
Welfare Plan	4.19(a)
Work	2.9(f)

ARTICLE II

PURCHASE AND SALE OF ASSETS

2.1 *Transfer of Assets.* Upon the terms and subject to the conditions contained herein, at the Closing, Seller will sell, convey, transfer, assign and deliver to Buyer, and Buyer will acquire from Seller, the Purchased Assets, free and clear of all Encumbrances.

2.2 *Assumption of Liabilities.* Upon the terms and subject to the conditions contained herein, at the Closing, Buyer shall assume the following, and only the following, Liabilities of Seller (the "Assumed Liabilities"):

(a) accounts payable set forth on the Balance Sheet or incurred after the Balance Sheet Date but prior to the Closing, in the ordinary course of business, but excluding any intercompany accounts payable, and in each case, only to the extent such payable is included on the Closing Balance Sheet;

(b) accrued expenses set forth on the Balance Sheet or incurred after the Balance Sheet Date but prior to the Closing, in the ordinary course of business, and in each case, only to the extent such accrued expense is included on the Closing Balance Sheet;

(c) accrued compensation and vacation set forth on the Balance Sheet or incurred after the Balance Sheet Date but prior to the Closing, in the ordinary course of business and in each case, only to the extent such accrued compensation or vacation is included on the Closing Balance Sheet;

(d) notes payable set forth on the Balance Sheet, but only to the extent such note payable is included on the Closing Balance Sheet;

(e) accruing, arising out of, or relating to events or occurrences happening after the Closing Date under (i) the Assumed Leases, (ii) Contracts listed on *Schedule 4.7* and including those identified on *Schedule 2.9*, and (iii) Contracts which are not listed on *Schedule 4.7* but which Buyer, in its sole discretion, elects to accept and assume, but in each case not including any Liability for any Default under any Contract or Assumed Lease occurring on or prior to the Closing Date;

(f) the Mortgage;

(g) any Tax arising from the operation of the Business for periods (including portions of Taxable periods) beginning after the Closing Date; and

(h) in respect of Rehired Employees to the extent expressly assumed by Buyer pursuant to Section 6.6.

The assumption by Buyer of the Assumed Liabilities shall not expand the rights or remedies of any third party against Buyer or Seller as compared to the rights or remedies which such third party would have had against Seller had Buyer not assumed the Assumed Liabilities. Without limiting the generality of the preceding sentence, the assumption by Buyer of the Assumed Liabilities shall not create any third party beneficiary rights.

2.3 *Excluded Liabilities.* Notwithstanding any other provision of this Agreement, except for the Assumed Liabilities expressly specified in Section 2.2, Buyer shall not assume, or otherwise be responsible for, any Liabilities of Seller, whether liquidated or unliquidated, or known or unknown, whether arising out of occurrences prior to, at or after the date hereof ("Excluded Liabilities"). Seller shall remain liable for and shall discharge the Excluded Liabilities. Without limiting the generality of the foregoing, the Excluded Liabilities include, without limitation:

(a) Except as otherwise provided in Section 6.6, any Liability to or in respect of any employees or former employees of Seller including without limitation (i) any employment or severance agreement or arrangement, whether or not written, between Seller and any person, (ii) any Liability under any Employee Plan at any time maintained, contributed to or required to be contributed to by or with respect to Seller or under which Seller may incur Liability, or any contributions, benefits or Liabilities therefor, or any Liability with respect to Seller's withdrawal or partial withdrawal from or termination of any Employee Plan and (iii) any claim of an unfair labor practice, or any claim under any state unemployment compensation or worker's compensation law or regulation or under any federal or state employment discrimination law or regulation, which shall have been asserted on or prior to the Closing Date or is based on acts or omissions which occurred on or prior to the Closing Date;

(b) Any Liability of Parent or BBI Biotech in connection with any Tax for periods ending on or prior to the Closing, including any Taxes arising in connection with the transactions contemplated by this Agreement;

(c) any Tax arising from the operation of the Business for periods (including portions of Taxable periods) ending on or before the Closing Date;

(d) Any Liability arising from any injury to or death of any person or damage to or destruction of any property, whether based on negligence, breach of warranty, strict liability, enterprise liability or any other legal or equitable theory arising from defects in products manufactured or from services performed by or on behalf of Seller or any other person or entity on or prior to the Closing Date;

(e) Any Liability of Seller arising out of or related to any Action against Seller or any Action which adversely affects the Purchased Assets in any material respect and which shall have been asserted on or prior to the Closing Date or to the extent the basis of which shall have arisen on or prior to the Closing Date;

(f) Any Liability of Parent or BBI Biotech resulting from negotiating, entering into, performing its obligations pursuant to or consummating the transactions contemplated by, this Agreement;

(g) Any Liability related to any Former Facility;

(h) Any Liability related to any site where Seller or any of its Affiliates formerly disposed of solid or hazardous waste;

(i) Any fees and expenses of Seller in connection with the transactions contemplated by this Agreement;

(j) Any Liabilities to stockholders or former stockholders of Seller relating to matters arising on or prior to Closing (including but not limited to the transactions contemplated by this Agreement or by the Proxy Statement);

(k) Any amounts due under any Insurance Policy, to the extent such amounts relate to periods prior to the Closing;

(l) Any Liabilities arising from or relating to the Excluded Assets;

(m) Any Liabilities under any Contract, Lease, Permit or Government Contract relating to actions or omissions occurring prior to the Closing;

(n) (i) indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade payables) in respect of which Seller is liable, contingent or otherwise, as obligor or otherwise and any commitment by which Seller assures a creditor against loss, including

contingent reimbursement obligations with respect to letters of credit (including but not limited to all Liabilities and obligations under the Revolving Credit and Security Agreement); (ii) indebtedness guaranteed in any manner by Seller, including a guarantee in the form of an agreement to repurchase or reimburse; (iii) except for capitalized leases listed on *Schedule 4.7*, obligations under capitalized leases in respect of which Seller is liable, contingent or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations Seller assures a creditor against loss; and (iv) all interest, prepayment penalties, premiums, fees and expenses payable with respect to any of the foregoing;

(o) any Liabilities which Buyer may become liable for as a result of or in connection with the failure by Seller to comply with any bulk sale or bulk transfer laws or as a result of any "defacto merger" or "successor in interest" theories of liabilities;

(p) any Liabilities to the extent relating to violations or alleged violations of, or any liabilities or obligations under, law (including Environmental Laws, Permits and Environmental Permits) that arise from the operation of the Business prior to the Closing;

(q) any Liabilities with respect to the matters set forth on *Schedules 4.12* (but excluding those Liabilities specified on *Schedule 4.12* under the heading "Post-Closing Obligations of Buyer"), 4.13 (b, c, d and e), 4.20, 4.21 and 4.28; and

(r) All intercompany Liabilities of Parent, BBI Biotech or any Subsidiary.

2.4 *Purchase Price.*

(a) *Purchase Price.* At the Closing, upon the terms and subject to the conditions set forth herein, Buyer shall pay to Seller for the sale, transfer, assignment, conveyance and delivery of the Purchased Assets, the aggregate amount of Thirty Million Dollars ($30,000,000.00) (the "Purchase Price"), *subject, however*, to the adjustment as set forth in Section 2.5, and shall assume the Assumed Liabilities.

(b) *Payment of Purchase Price.* At the Closing, Buyer shall (A) pay the aggregate amount of the Purchase Price less (i) the Estimated Adjustment Amount and (ii) $2.5 million (the "Escrowed Amount"), to Seller by wire transfer of immediately available funds to an account designated by Seller and (B) deliver the Escrowed Amount by wire transfer of immediately available funds to the escrow agent under the escrow agreement to be executed at the Closing in the form attached hereto as *Exhibit B* (the "Escrow Agreement"). The term of the Escrow Agreement shall be for a period of 18 months from the Closing Date and shall be used to secure payment for indemnification claims pursuant to Section 10.4(a) hereof.

(c) *Purchase Price Allocation.* The Purchase Price and the Assumed Liabilities shall be allocated by Buyer among the Purchased Assets in the manner required by Section 1060 of the Code and regulations thereunder. Buyer shall deliver to Seller a copy of such allocation within seventy five (75) days after the Closing. Buyer and Seller agree to each prepare and file on a timely basis with the Internal Revenue Service substantially identical initial and supplemental Internal Revenue Service Forms 8594 "Asset Acquisition Statements Under Section 1060" consistent with such allocation and which gives effect to any Adjustment Amount determined in accordance with Section 2.5 hereof.

2.5 *Post-closing Adjustment.*

(a) *Closing Balance Sheet.* On or before sixty (60) days after Closing, Buyer shall prepare (i) a balance sheet of the Business dated as of the Closing Date (the "Closing Balance Sheet"), and (ii) a reasonably detailed calculation of the Adjustment Amount (as defined below). The Closing Balance Sheet shall be prepared in accordance with generally accepted accounting principles, applied on a consistent basis with the Balance Sheet and the Past Practices, and shall

fairly and accurately present the Purchased Assets and Assumed Liabilities (including reserves) as of the Closing Date, subject to any adjustments pursuant to Section 2.5(b) hereof, and appropriately adjusted to exclude any amounts subject to proration under Section 2.7. Seller's personnel and Representatives shall be entitled to be present and to observe all aspects of the preparation of the Closing Balance Sheet.

(b) *Adjustment Amount.* The "Adjustment Amount" shall be an amount equal to the Closing Net Asset Value less $8.5 million (the "Target Net Asset Value"). "Closing Net Asset Value" shall mean the net amount of Purchased Assets less Assumed Liabilities as set forth on the Closing Balance Sheet. The parties understand and agree that an adjustment to the Closing Net Asset Value calculation will be made to eliminate the impact of normal incremental accumulated depreciation on Purchased Assets that are included on the Balance Sheet, calculated on a basis consistent with prior periods, and recorded from January 1, 2004 through and including the Closing Date; provided, however, that in no event shall such incremental accumulated depreciation exceed $100,000 per month. The parties also understand and agree that an adjustment to the Closing Net Asset Value calculation will be made to eliminate the impact of any expenditures made by Parent after the date hereof, but prior to Closing with respect to the Frederick Lease, but only to the extent that such expenses are approved in advance in writing by Buyer (which writing must (i) specify the amount of the approved expenses and (ii) state that such approved expenses will be added to the Closing Net Asset Value for purposes of determining the Adjustment Amount).

If the Target Net Asset Value is greater than the Closing Net Asset Value, then the Purchase Price shall be reduced by an amount equal to such deficiency, and the Seller shall wire transfer the amount of such deficiency in immediately available funds to an account designated by the Buyer. If the Closing Net Asset Value is greater than the Target Net Asset Value, then the Purchase Price shall be increased by an amount equal to such surplus and the Buyer shall wire transfer the amount of such surplus in immediately available funds to an account designated by the Seller. The payments to be made pursuant to this Section 2.5(b) shall be adjusted as appropriate to reflect any reduction in the Purchase Price paid at Closing resulting from the Estimated Adjustment Amount.

(c) *Estimated Adjustment Amount.* Seller shall deliver to Buyer, not less than three business days prior to the Closing Date, a certificate, signed by Parent's chief financial officer (or the principal financial officer of Parent, if Parent does not then have a chief financial officer), setting forth (i) an estimated Closing Balance Sheet, (ii) an estimate of the Closing Net Asset Value and (iii) an estimate of the Adjustment Amount (the "Estimated Adjustment Amount"); provided however, that if the estimate of the Adjustment Amount is greater than zero, then the Estimated Adjustment Amount shall equal zero. The estimated Closing Balance Sheet, the estimate of the Closing Net Asset Value and the Estimated Adjustment Amount will each be determined and prepared according to the principles set forth in Section 2.5(a) and (b).

(d) *Disputed Adjustment Amount.* Seller will have thirty (30) days after receipt of the Closing Balance Sheet and the Adjustment Amount to review and deliver a written notice of objection (the "Objection Notice") to Buyer. The Objection Notice shall state each item to which Seller takes exception. The Objection Notice shall specify in reasonable detail the nature and amount of any such exception. In connection with such review, the Seller will have the right to review the methods used in the preparation of the Closing Balance Sheet and the Adjustment Amount, and to confer with Buyer. If Seller does not provide an Objection Notice to Buyer within thirty (30) days after receipt of the Closing Balance Sheet and the Adjustment Amount, Seller will be deemed to have accepted and agreed to the Closing Balance Sheet and the Adjustment Amount, and the deficiency or surplus, as the case may be, shall immediately be paid to the appropriate party in accordance with Section 2.5(b) hereof. If Seller delivers an Objection Notice to Buyer within such time period, then within ten (10) days after the Objection Notice is received

by Buyer, the Buyer and the Seller shall (i) meet to consider such objections and may agree to revise the Adjustment Amount, in which case the amount so agreed will be binding on the Buyer and the Seller, and the deficiency or surplus, as the case may be, shall immediately be paid to the appropriate party in accordance with Section 2.5(b) hereof, or (ii) specify that an independent firm of public accountants of nationally recognized standing mutually selected by the Seller and the Buyer, it being agreed that Ernst & Young LLP is mutually acceptable (the "Independent Accountant"), will review the Closing Balance Sheet and the Adjustment Amount and the Objection Notice and report to the Seller and the Buyer the Independent Accountant's determination of the Adjustment Amount (using the methodologies agreed to herein), which determination will be made within sixty (60) days after the date that the Independent Accountant receives the Closing Balance Sheet, the Adjustment Amount and the Objection Notice. Such determination by the Independent Accountant will be final and binding on the Buyer and the Seller. Once the final determination has been made by the Independent Accountant, the deficiency or surplus, as the case may be, shall immediately be paid to the appropriate party in accordance with Section 2.5(b) hereof. All of the fees and expenses of the Independent Accountant, if any, shall be paid equally by the Buyer, on the one hand, and the Seller, on the other hand.

(e) *Tax Treatment.* Buyer and Seller agree to treat any payments under this Section 2.5 as an adjustment to the Purchase Price for all federal, state and local Tax purposes.

2.6 *Inventory Procedures.* Within five days of Closing, the quantities of Inventory to be purchased and sold hereunder shall be determined by an itemized inventory to be taken at such time as Buyer and Seller mutually agree and shall be adjusted to book as of the Closing Date based upon a physical inventory pursuant to which all Inventory will be counted as to quantity and value by personnel of Seller and Buyer using the same procedures normally used by Seller to take inventories of the type of Inventory being counted consistent with the Past Practices (a written copy of such procedures has been provided by Seller to Buyer and is attached as Schedule 1.1(P)); provided, that if Buyer and Seller shall mutually agree, an outside inventory service or services (the "Inventory Service") mutually selected by Seller and Buyer may be selected to take such inventory. The Inventory Service shall follow GAAP and the Past Practices in taking such inventory. Both Buyer and Seller will have the right to have Representatives present to observe the physical inventories. Any disputes as to the physical count of any item of Inventory will, if possible, be resolved while such physical inventory is being taken. Any unresolved disputes regarding the physical count of any item of Inventory not resolved by the Closing Date will be separately listed and settled as soon as expeditiously practicable thereafter by the parties or by another independent third party mutually acceptable to both parties, or if they are unable to agree then by the Inventory Service. The determination of any third party so engaged shall be final and binding on the parties. The fees and expenses of the Inventory Service shall be borne by Buyer and Seller equally. Any disputes as to the usability, valuation or salability of any item of Inventory will be resolved in connection with the determination of the Closing Net Asset Value, or sooner if the parties can so agree. Any unresolved disputes with respect to the usability, valuation or salability of any item of Inventory will be referred to the Independent Accountant and resolved pursuant to the procedures set forth in Section 2.5(d) as if the amount was the subject of an Objection Notice. The Independent Accountant shall follow GAAP and the Past Practices in determining the usability, valuation or salability of any item of Inventory and the determination of the Independent Accountant on any such matter shall be final and binding on the parties.

2.7 *Prorations.*

(a) *Interest.* On the Closing Date, or as promptly as practicable following the Closing Date, but in no event later than sixty (60) calendar days thereafter, all prepaid interest and interest payable with respect to any interest bearing obligations assumed by Buyer hereunder shall be prorated between Buyer and Seller as of the Closing Date.

(b) *Utilities; Taxes.* On the Closing Date, or as promptly as practicable following the Closing Date, but in no event later than sixty (60) calendar days thereafter, the real and personal property Taxes, water, gas, electricity and other utilities, common area maintenance reimbursements to lessors, local business or other license fees or Taxes, merchants' association dues and other similar periodic charges payable with respect to the Purchased Assets or the Business shall be prorated between Buyer and Seller effective as of the Closing Date. To the extent practicable, utility meter readings for the Facilities shall be determined as of the Closing Date. Real and personal property Taxes shall be prorated on a per diem basis. If the real property Tax rate for the current Tax year is not established by the Closing Date, the prorations shall be made on the basis of the rate in effect for the preceding Tax year and shall be adjusted when the exact amounts are determined. All such prorations shall be based upon the most recent available assessed value of any Facility prior to the Closing Date.

(c) *Rents.* Seller shall pay all rent under the Assumed Leases through the end of the calendar month in which the Closing Date occurs, and, on the Closing Date, Buyer shall reimburse Seller for such rent accrued from the Closing Date through the end of such month as part of the post-Closing proration.

2.8 *Closing Costs; Transfer Taxes and Fees.* Seller shall be responsible for any documentary and transfer Taxes and any sales, use or other Taxes imposed by reason of the transfers of Purchased Assets provided hereunder and any deficiency, interest or penalty asserted with respect thereto. Buyer shall pay the fees and costs of recording or filing all applicable conveyancing instruments described in Section 3.2(a). Buyer shall pay the costs of any title searches or insurance premiums for title insurance to be obtained by Buyer with respect to the Owned Real Property. Buyer shall pay all costs of applying for new Permits and Seller shall pay the costs incurred prior to Closing to transfer all of the existing Permits which may be lawfully transferred to Buyer at the Closing.

2.9 *Government Contracts.*

(a) Attached hereto as *Schedule 2.9* is a list describing all of Seller's United States government contracts, subcontracts, agreements, grants and awards relating to the Business which have not yet been fully performed by Seller and all of Seller's pending proposals and applications therefor (collectively, the "Government Contracts"). For the avoidance of doubt, "Government Contracts" shall not include, and Buyer shall not have any liability for, any United States government contracts, subcontracts, agreements, grants and awards relating to the Business whose period of performance is complete (irrespective of whether such contract has been subject to final audit by the relevant governmental entity).

(b) Seller and Buyer acknowledge and agree that they shall seek a prompt novation into the name of the Buyer of those Government Contracts so designated on *Schedule 2.9* (the "Long-term Government Contracts") and that they shall not seek a novation into the name of the Buyer of those Government Contracts so designated on *Schedule 2.9* (the "Short-term Government Contracts").

(c) With regard to the Short-term Government Contracts, after Closing the parties shall make interim legal arrangements whereby the Buyer, on behalf of the Seller, shall alone perform all of the duties and obligations of the Seller under each of said Short-term Government Contracts in return for which the Buyer shall be entitled to receive all payments to which the Seller is entitled thereunder with respect to such post-Closing performance of each of said Short-term Government Contracts.

(d) With regard to the Long-term Government Contracts, until the appropriate United States government authority has consented to the novation into the name of the Buyer of each such Long-term Government Contract or in the event such consent is not granted, the parties shall

make interim legal arrangements whereby the Buyer, on behalf of the Seller, shall alone perform all of the duties and obligations of the Seller under each of said Long-term Government Contracts as a subcontractor to Seller in return for which the Buyer shall be entitled to receive all payments to which the Seller is entitled thereunder with respect to such post-Closing performance of each of said Long-term Government Contracts.

(e) Promptly after Closing the parties hereto shall advise the proper government authorities with respect to the Long-term Government Contracts (the "Proper Authorities") of this Agreement and shall request from the Proper Authorities formal novations into the name of the Buyer of the Long-term Government Contracts (for example, by filing United States government standard novation agreements in accordance with applicable Federal Acquisition Regulations ("FAR")). If possible, such novation agreements shall provide for the novations to be effective as of the date of Closing. The parties hereto shall each cooperate with each other, and shall each use reasonable efforts, to effect the prompt novation into the name of the Buyer of the Long-term Government Contracts.

(f) Pending execution and delivery of such a novation agreement by all parties thereto with respect to a Long-term Government Contract, and at all times with respect to the Short-term Government Contracts, the Buyer shall carry out and perform all of the duties and obligations of the Seller under said Long-term Government Contracts and Short-term Government Contracts arising after the date of Closing (collectively, the "Work"). Buyer shall carry out and perform the Work in accordance with the time periods, standards of quality, and other terms and conditions set forth in the applicable Government Contracts, consistent with Seller's past practices. After execution and delivery of a novation agreement by all parties thereto with respect to a Long-term Government Contract, if the Seller has guaranteed the performance of the Buyer or is otherwise directly or indirectly liable or obligated for the Buyer's performance of said novated Long-term Government Contract, then the Buyer shall carry out and perform all of the duties and obligations of the Buyer under said novated Long-term Government Contract in accordance with the times periods, standards of quality, and other terms and conditions set forth in the applicable novated Long-term Government Contract.

(g) After Closing, the Buyer shall from time to time bill the Seller for Work, and the Seller shall in turn, bill the Proper Authorities for the Work in the same amount, each in accordance with the payment schedules and terms and conditions of the respective Government Contracts. Promptly upon Seller's receipt of payment of such bills (but in no event more than three (3) business days after receipt of such payments), Seller shall endorse the same to the order of the Buyer and deliver the same to the Buyer, or shall wire transfer such payment to an account designated by Buyer. With regard to work-in-process and unbilled costs and expenses with respect to Government Contracts performed by the Seller on or before the date of Closing but not billed on or before the date of Closing, such work-in-process and unbilled costs and expenses shall be included in the next appropriate bills to the respective Proper Authorities (which bills may include post-Closing Work performed by the Buyer) and the Seller, to the extent such amounts were not included on the Closing Balance Sheet, shall be entitled to the payments therefor (with an appropriate allocation of the payment of the applicable bills if such bills included post-Closing Work performed by the Buyer). The Seller hereby represents and warrants that set forth in *Schedule 2.9(g)* is a complete and accurate list of the total dollar amount billed under each such Government Contract through February 29, 2004. For the period February 29, 2004 through the Closing, Seller shall bill for the Government Contracts at the same overhead and general and administrative rates as has been previously used for each such Government Contract in the past. Whichever party pays invoices relating to the Government Contracts shall also be entitled to bill therefor. Seller will pay for direct labor and will be entitled to bill therefor through the Closing.

Neither party shall seek a higher overhead or general and administrative rate for services performed through Closing.

(h) In the event at any time after Closing, the United States government declares or gives notice of a Default either under any Long-term Government Contract which has not been novated into the name of the Buyer or under any Short-term Government Contract, and, in either case such Default results from the performance of, or failure to perform by Buyer the duties and obligations of Seller or Buyer under the Government Contracts arising after the date of Closing, and if Buyer has not cured such alleged Default within sixty (60) days of such governmental notice, then the Seller shall be entitled to (subject to any required consent of the United States government), but shall not be obligated to, immediately take over performance of the applicable Government Contract in place of the Buyer, to seek to cure the applicable Default, and to otherwise seek to mitigate any damages which the Seller may suffer as a result of such Default. In such event, the Buyer shall use its commercially reasonable efforts to cooperate with the Seller to cure the applicable Default, and to otherwise mitigate any damages which the Seller may suffer as a result of such Default.

(i) Until the earlier to occur of the date such Government Contract is novated or six months after the Closing Date, Buyer shall not amend, modify, supplement, renew or extend in any respect either (A) any Short-term Government Contract or (B) any Long-term Government Contract the performance by Buyer under which has been guaranteed by Seller or under which Seller is otherwise directly or indirectly liable or obligated for Buyer's performance, without prior written consent of Seller, which consent shall not be unreasonably withheld or delayed. After such time, Buyer shall not amend, modify, supplement, renew or extend in any respect either (X) any Short-term Government Contract or (Y) any Long-term Government Contract the performance by Buyer under which has been guaranteed by Seller or under which Seller is otherwise directly or indirectly liable or obligated for Buyer's performance, without prior written consent of Seller, which consent shall not be unreasonably withheld or delayed; provided, however, that Seller's prior written consent shall not be necessary for any (1) amendment, supplement, modification, renewal or extension that would not materially expand the liability of Seller under such Government Contract, or (2) Government Contract that has been novated.

ARTICLE III

CLOSING

3.1 *Closing.* The Closing of the transactions contemplated herein (the "Closing") shall be held at 10:00 a.m. local time on the Closing Date at the offices of O'Melveny & Myers LLP, 114 Pacifica, Suite 100, Irvine, California 92618, unless the parties hereto otherwise agree.

3.2 *Conveyances at Closing.*

(a)