

Alfred Baber Fonds

Correspondence - General

Alexis Corporation
1996

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ALEXIS BIOCHEMICALS CORPORATION
6181 Cornerstone Court East
Suites 102-104
San Diego, CA 92121-4727
Telephone (619) 658 0065
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BIOCHEMICALS / CLINICA / TRADING / BULK / PRODUCTION

Mailing address
P.O. Box 927190
San Diego, CA 92192-7190



TELEFAX

To: Dr. Alfred Bader - Guest

From: Richard B. Slansky

Date: 24-Apr-96

Total pages: 1

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RE: Breakfast Saturday Morning

Good Morning Dr. Bader,

Dr. Georges Chappuis has been in Europe for the past two months. He anticipated that he would be back in San Diego this week. Unfortunately, he has been delayed and will not be available to meet with you on Saturday morning.

If you have interest in ALEXIS beyond meeting Dr. Chappuis, (i.e., investment interest or investigatory interest for First Analysis), I would be happy to meet with you for breakfast on Saturday as planned.

Otherwise, Dr. Chappuis suggests that you meet him in Switzerland during one of your upcoming trips to Europe. Please let me know how you would like to proceed. My phone number is 658-0065 extension 14.

With best regards,

ALEXIS CORPORATION

**Richard B. Slansky
President & Chief Operating Officer**



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TELEFAX

To: Alfred Bader

From: Richard Slansky

Date: 1-Apr-96

Total pages: 1

RE: Meeting in San Diego

Dear Dr. Bader:

Dr. Allan Cohen of First Analysis called me today. If you remember, he and Oliver Nicklin had dinner with you a few weeks ago. At that time, apparently, you expressed some interest in learning more about ALEXIS Corporation, a marketing and distribution company focusing on reagents for the life science marketplace.

During his phone call this morning, Allan mentioned that you would be in San Diego later this month and that you might like to get together for a short meeting. Therefore, I will call you in a day or so to discuss this possibility. I look forward to speaking with you and remain,

Sincerely your,

ALEXIS CORPORATION

A handwritten signature in dark ink, appearing to read "Richard B. Slansky". The signature is fluid and cursive, with a large, stylized 'R' and 'S'.

Richard B. Slansky
President & Chief Operating Officer

ALEXIS
CORPORATION

RE: Memorandum

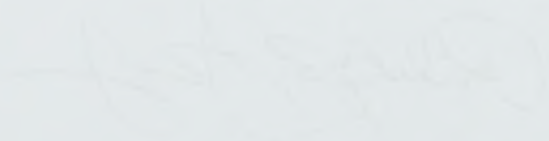
Over the

On April 1, 1998, I met with the Board of Directors to discuss the proposed acquisition of Alexis Corporation. The Board has approved the acquisition and the Board has authorized me to execute the necessary documents to complete the acquisition.

I would like to thank you for your assistance in this matter. I will be in contact with you again in the near future regarding the acquisition.

Sincerely,

ALEXIS CORPORATION



Richard B. Stearns
President & Chief Operating Officer

The ALEXIS Trading Division utilizes a slightly different distribution channel. It takes advantage of the local country marketing and distribution points and product flows from the supplier to the local distribution center for shipment to the customer as shown in Chart 17 on Page 33.

Information Systems Support & Development. ALEXIS is investing in leading edge information systems. All ALEXIS subsidiaries operate on a Windows PC platform using Pentium processors. The San Diego and UK locations use ACCPAC Plus Accounting software; whereas, Switzerland uses ABACUS and Germany uses a small local package. All the software packages have lot traceability, multiple currency capability and inventory tracking by location. Only the Swiss operation is running on a network and only ABACUS provides interactive database communication. All subsidiaries intend to create a local area network environment in the near future and ALEXIS intends to standardize its systems and link them together in order to improve information flow internally (e.g., better global management information) and externally (e.g., customer access to inventory availability and technical specifications).

The ISO 9000/Q90 Quality System Standards. ISO 9000, developed by the International Organization for Standardization in Geneva, Switzerland, is a series of individual but related international standards for quality management and quality assurance. The European Union (EU) and more than 52 other countries have adopted the ISO 9000 series as national standards. This change in the world market is affecting quality standardization in America. ISO 9001, 9002 and 9003 are system models for external quality assurance. These standards have become one of the preeminent international benchmarks for describing an effective quality system. The firm which intends to remain competitive in the shrinking global marketplace must become ISO certified. ISO 9000 registered facilities will become the suppliers of choice in an increasingly quality-conscious market. ALEXIS is not ISO registered; however, the company strives to develop relationships with ISO registered companies.

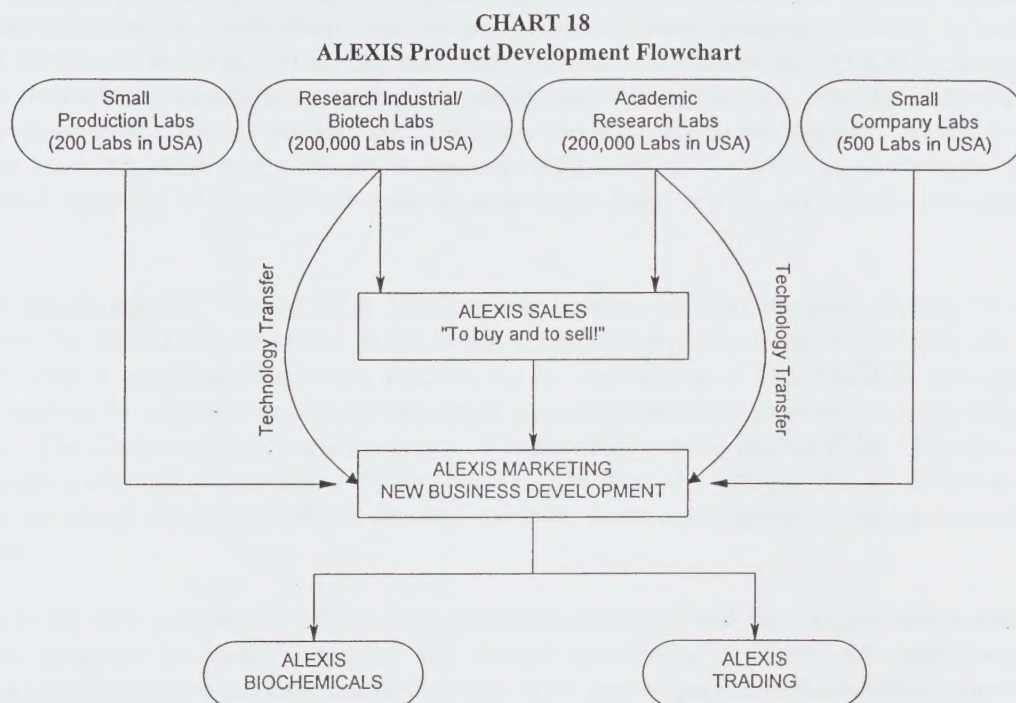
MSDS, Labeling And Other Regulatory Requirements. The international community is adding more requirements that ALEXIS must address. The first, partly through compliance with Occupational Safety and Health Administration standards, is that all products sold in Europe, Canada, Australia, Japan, and Mexico must have Material Safety Data Sheets (MSDSs). In addition, any hazardous product, shipped to any location, must contain a MSDS. ALEXIS presently has MSDSs for any compound sold that is considered hazardous. There is also a requirement that labels on products sold in North America, Europe, Australia, Japan and possibly other countries are standardized internationally. This standardization is being established according to the Department of Transportation and specific EEC regulations and concerns the hazardous classification of products.

Facilities. ALEXIS leases primarily office and warehouse facilities to house its marketing and distribution operations in: San Diego, California, USA; Grünberg, Germany; Bingham, Nottingham, United Kingdom; and, Läufelfingen, Switzerland. ALEXIS is headquartered in San Diego, California. The number of square feet and square meters of space as well as the length and amount of each lease varies by location and is available upon request. The company leases a substantial amount of its furniture and equipment, including computer equipment, and treats them as capital leases for financial reporting purposes. The company has and intends to continue buying-out certain leases at the end of their term while renewing other leases.



VII. PRODUCT DEVELOPMENT

The ALEXIS product development program stems from domestic and international sources. The following table illustrates the flow of U.S. products from the many domestic sources through the ALEXIS Marketing and Sales organization. A similar flow applies for international sources of products through the ALEXIS system:



Products are marketed by ALEXIS to the end-users through the same distribution channels by either ALEXIS Biochemicals or ALEXIS Trading. Information flows to ALEXIS as products are selectively added to the ALEXIS Biochemicals catalogs. Often products begin being marketed under ALEXIS Trading and are later offered as ALEXIS Biochemical products.

Strategic Partnerships: Sources of New Products. One type of partnership opportunity for the ALEXIS Trading division is a company developing products for pharmaceutical, therapeutic or diagnostic applications with a desire to expand their potential markets by promoting their products in the Life Science Reagents Market. Potential partners normally have a desire to increase their return on R&D investment by promoting novel products developed during research. These products may be currently under investigation or by-products of the development process. ALEXIS may assume responsibility for marketing and selling the products to the Life Science Reagents Market in exchange for a share of the profits generated..

THE UNIVERSITY OF CHICAGO

PH.D. THESIS

BY

THE AUTHOR

CHICAGO, ILL.

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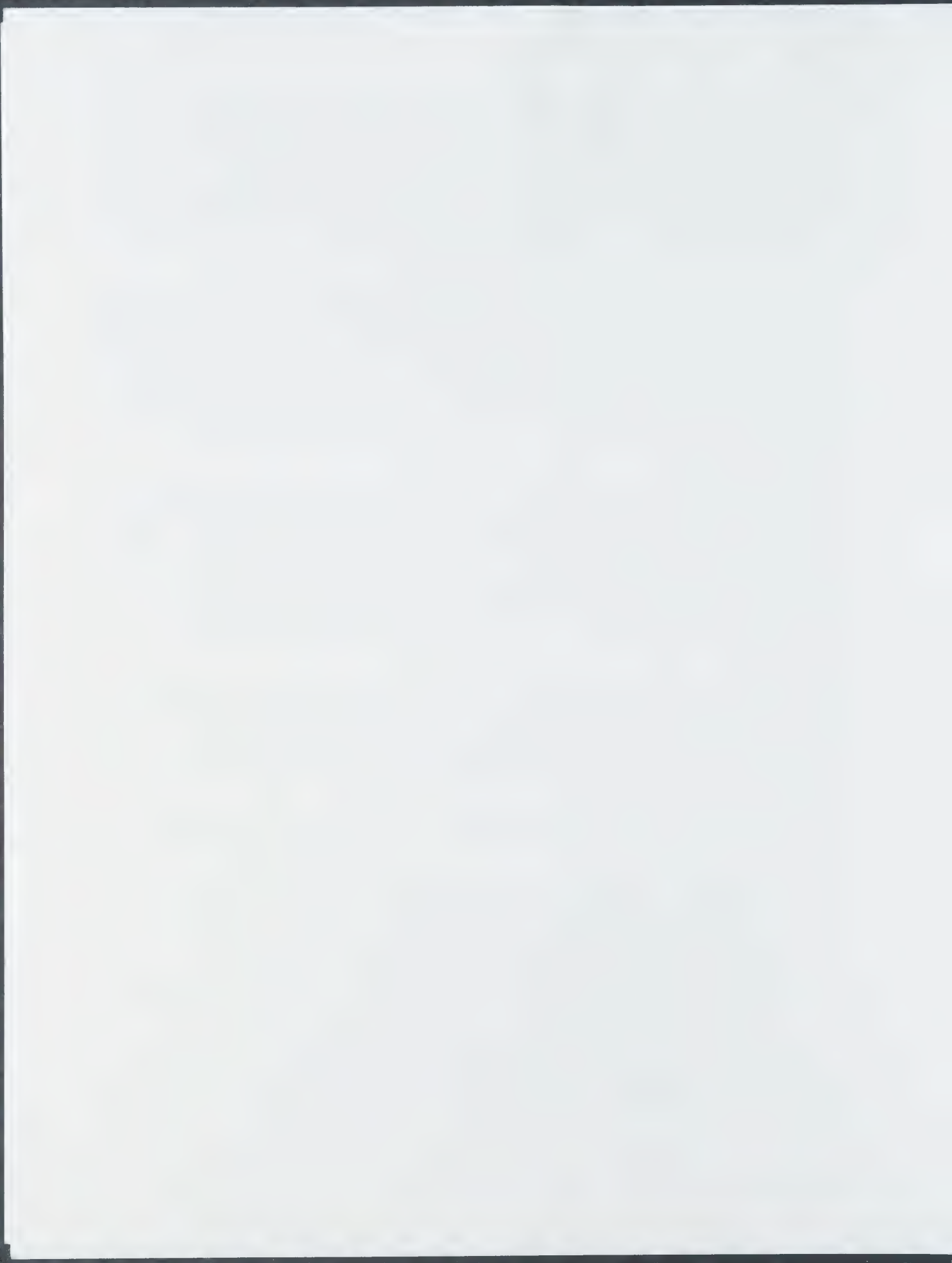
A second partnership opportunity entails a pharmaceutical, therapeutic, diagnostic or laboratory services corporation looking to directly invest in the Life Science Reagents Market. ALEXIS is an ideal investment because of its cutting edge product portfolio which includes research reagents for the rapidly expanding fields of Nitric Oxide Research, Signal Transduction, Homeostasis & Thrombosis, Neurochemistry and Apoptosis. ALEXIS is dedicated to being the leading mid-size supplier of innovative research reagents to these fields and is seeking partners with a corporate interest in these and other innovative research fields.

Another potential partnership for ALEXIS Trading may involve established Life Science reagent companies requiring a professional and successful international presence without a large financial investment and without the risks associated with such an investment. ALEXIS, through its finely established international network covering major markets, can provide immediate access to these vital, growing markets with relatively minimal risk to the partner. ALEXIS is extremely knowledgeable in the country to country differences and is well poised through the international diversity of its executive team to provide the local service the specific countries demand.

ALEXIS Biochemicals. The ALEXIS Biochemicals division markets products directly to end users *under the ALEXIS brand name*. In this division, product acquisition and in-licensing play an important role in providing innovative products to the marketplace. The ALEXIS strategy is centered around its extensive market knowledge & core competencies: *product sourcing* and *in-licensing*. The Company is driven by a group of outstanding experts in this field. The product sourcing and in-licensing capabilities distinguish ALEXIS from the competition by allowing the Company to avoid direct production; thereby, reducing costs and regulatory issues related to production.

ALEXIS is the first company to offer a comprehensive marketing and sales organization *and* an innovative program to identify, acquire and market proprietary products and technologies. Obtaining new, innovative products can be difficult. Most new reagents are developed in scientific laboratories with little access to commercializing resources. ALEXIS has developed a unique product sourcing program focusing on the following:

- o Collaboration with smaller innovative production companies through representation and/or strategic alliances;
- o Identification, acquisition and commercialization of proprietary products from researchers at universities or pharmaceutical companies;
- o Regular review of scientific journals and literature for new products;
- o Searching scientific meetings and congresses for innovation; and,
- o Analysis of requests for quotation and subsequent telemarketing.
- o Development of a corporate identity for product commercialization.



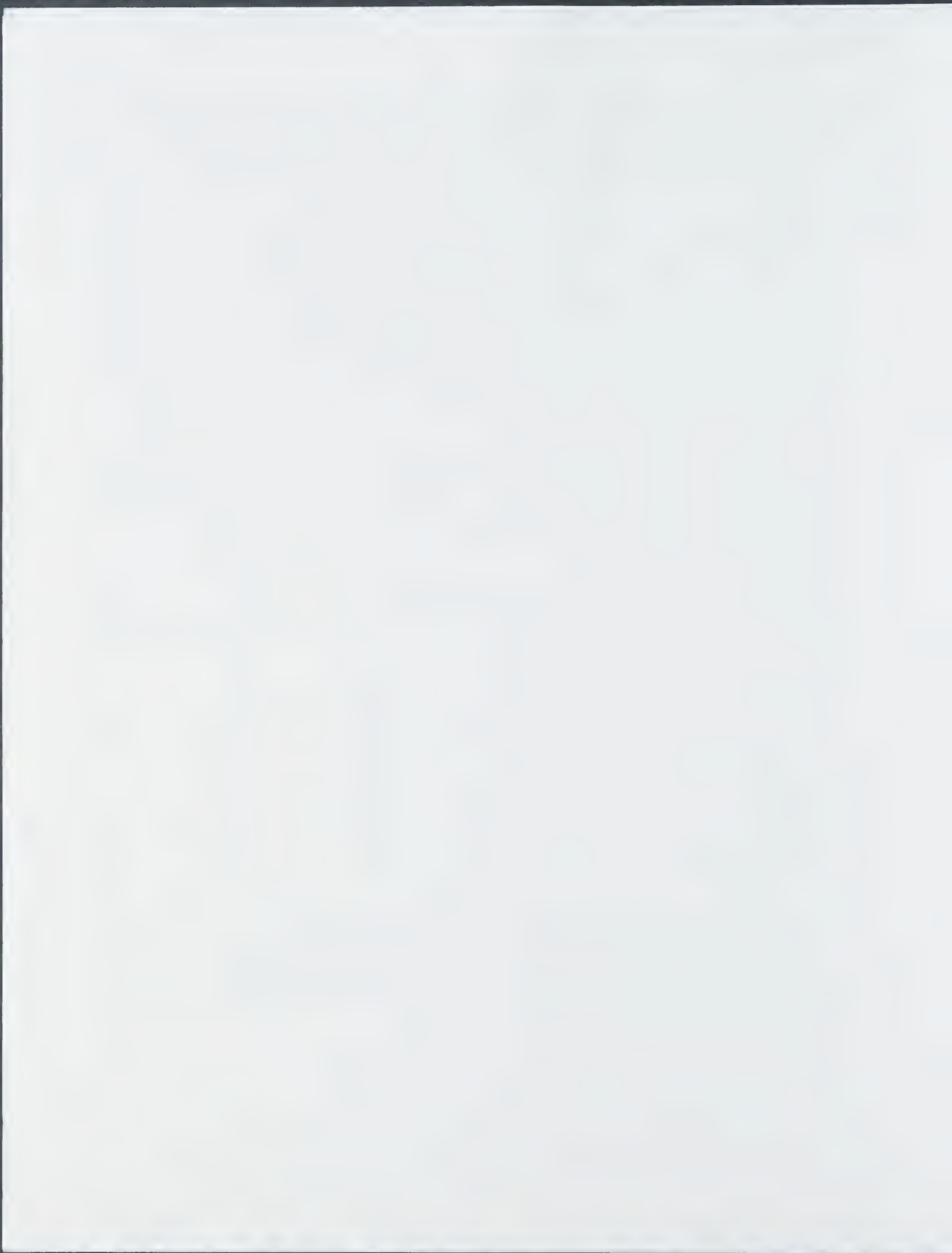
By identifying and acquiring proprietary rights to new and unique products, ALEXIS is able to outpace the competition without internal investments in production. Drs. Chappuis, Vogel and Hoare, along with contacts from Ampersand and Ventana, create the innovative value-added element that larger competitors seek. ALEXIS' focus on "just-in-time" in-licensing and strategic partnerships eliminates the need for in-house production with its related risks and cost.

ALEXIS Trading. The ALEXIS Trading division markets third party companies products to end users *under the supplier's brand name*. In this division, product acquisition takes the form of identifying and negotiating representation agreements with innovative third party companies. The ALEXIS trademark is then placed on all marketing literature for customer recognition. In the short term, this allows ALEXIS to expand its product offering with minimal cost and inventory investment and obtain immediate market share. In the long term, this strategy allows ALEXIS to develop experience with products which could later translate into acquisition of interesting suppliers or integration of the interesting products into the ALEXIS Biochemicals division.

The ALEXIS Trading relationship may begin simply with ALEXIS marketing certain products in certain countries. Many of the current ALEXIS Trading relationships rapidly evolved into multi-country representations (see Chart 5 on Page 5). The following table highlights the chronology of existing ALEXIS Trading relationships, focuses on whether the products compete with ALEXIS Biochemical products and list the estimated sales in 1995 and 1996:

<u>COMPANY</u> <u>REPRESENTED BY</u> <u>ALEXIS:</u>	<u>DATE</u> <u>ESTABLISHED</u>	<u>ALEXIS</u> <u>BIOCHEMICAL</u> <u>OVERLAP</u>	<u>EST.</u> <u>SALES</u> 1995 (IN '000S USD)	<u>EST.</u> <u>SALES</u> 1996 (IN '000S USD)
ANCELL	DECEMBER 1993	NO	153	170
APC	JANUARY 1994	YES	53	0
LC LABORATORIES	SEPTEMBER 1994	YES	149	218
SERBIO	NOVEMBER 1994	NO	N/A	N/A
SIGNET	NOVEMBER 1994	NO	38	94
ACCUSTANDARD	JANUARY 1995	NO	0	108
CAYMAN CHEMICAL	JANUARY 1995	YES	2	38
BIOCYTEX	MARCH 1995	NO	25	48
PRECISION	MAY 1995	YES	10	38
FERMENTEK	JULY 1995	NO	16	48
CELL APPLICATIONS	AUGUST 1995	NO	0	18
HAMPTON RESEARCH	AUGUST 1995	NO	10	220
TECHNOCLONE	PENDING	NO	1	18

This chart also indicates that ALEXIS has been successful in attracting companies to the ALEXIS Trading concept. Sales in 1995 will approach \$500,000 from ALEXIS Trading activities and are estimated to exceed \$1.3 million in 1996. The ALEXIS management team intends to seek (ALEXIS Trading) strategic relationships with companies in the eight areas of (ALEXIS Biochemicals) product line focus.



VIII. FINANCIAL PLAN

ALEXIS is seeking \$2.4 million in additional capital to expand its product sourcing and in-licensing activities, add innovative products and product lines to ALEXIS Biochemicals, further expand its distribution network, invest in marketing and sales and build a solid operations and computerized infrastructure to support its marketing and sales programs. The following table illustrates the Company's performance to date including actual quarterly performance of operations for the first half of 1995 and a projection for the remainder of 1995:

ALEXIS CORPORATION
Comparative Consolidated Statement of Operations
For the Years Ending December 31
(In Thousands of Dollars)

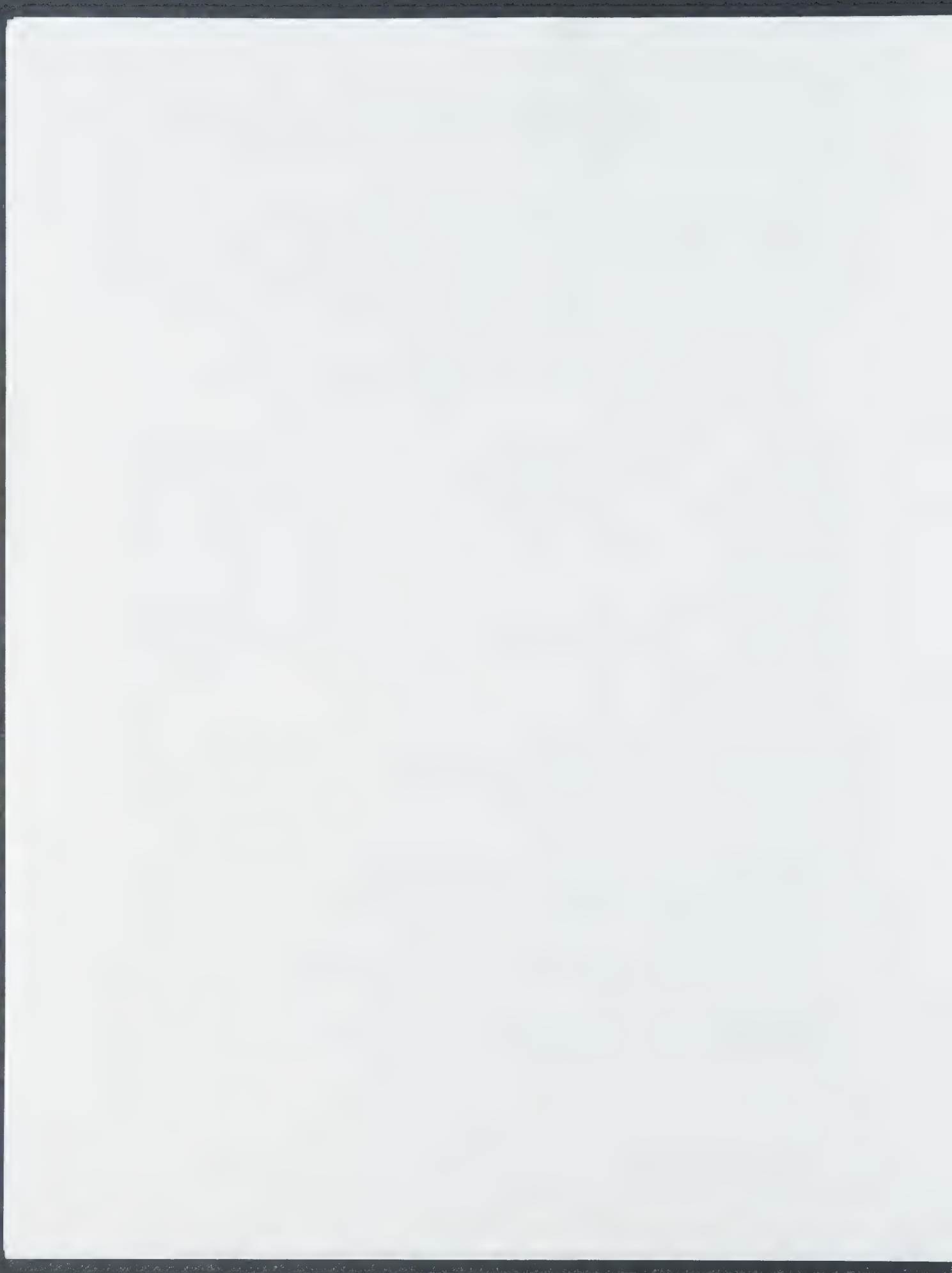
	Actual		Actual 1995		Projected 1995		Projected 1995
	1993	1994	QTR 1	QTR 2	QTR 3	QTR 4	
Sales	41	646	229	512	501	862	2,104
Cost of Sales	79	423	142	298	302	484	1,226
Gross Profit	(38)	223	87	214	199	378	878
	-92.7%	34.5%	38.0%	41.8%	39.7%	43.9%	41.7%
Operating Expenses							
Sales & Marketing	94	635	232	389	392	448	1,461
General & Administrative	138	621	148	206	194	240	788
Total	232	1,256	380	595	586	688	2,249
Operating Profit	(270)	(1,033)	(293)	(381)	(387)	(310)	(1,371)

*ratio off
- why not
n.s. LICCA for sales*

total

Notes:

- o Sales. ALEXIS sales are projected to grow from (essentially) zero in 1993 to over \$2.1 million in 1995. The Company has enjoyed continuous quarterly growth with the exception of the third quarter of 1995. Seasonality plays a role in the Life Science Reagents Market. The third quarter normally represents a time of vacation (universities and European holidays) and the end of the fiscal year for much research funding. Sales normally dip during this period.
- o Gross Profit. Gross profit improvements are directly tied to volume increases at this level of sales. ALEXIS is projected to record another improvement in annual margin to 41.7%. Other improvements can be made in operating efficiencies, in-licensing and better purchasing from strategic vendors. Highly innovative products are usually premium priced. Operating costs, included in Cost of Sales, are fixed within certain volume levels.
- o Marketing and Sales Expenses. Investments in marketing and sales were made in 1994 and 1995 to build the ALEXIS corporate identity in the Life Science Reagents Market and establish the ALEXIS worldwide distribution network.
- o General & Administrative Expenses. G&A expenses increased in 1995 with the addition of Mr. Peer and Mr. Slansky and the establishment of a subsidiary in Bingham, United Kingdom.



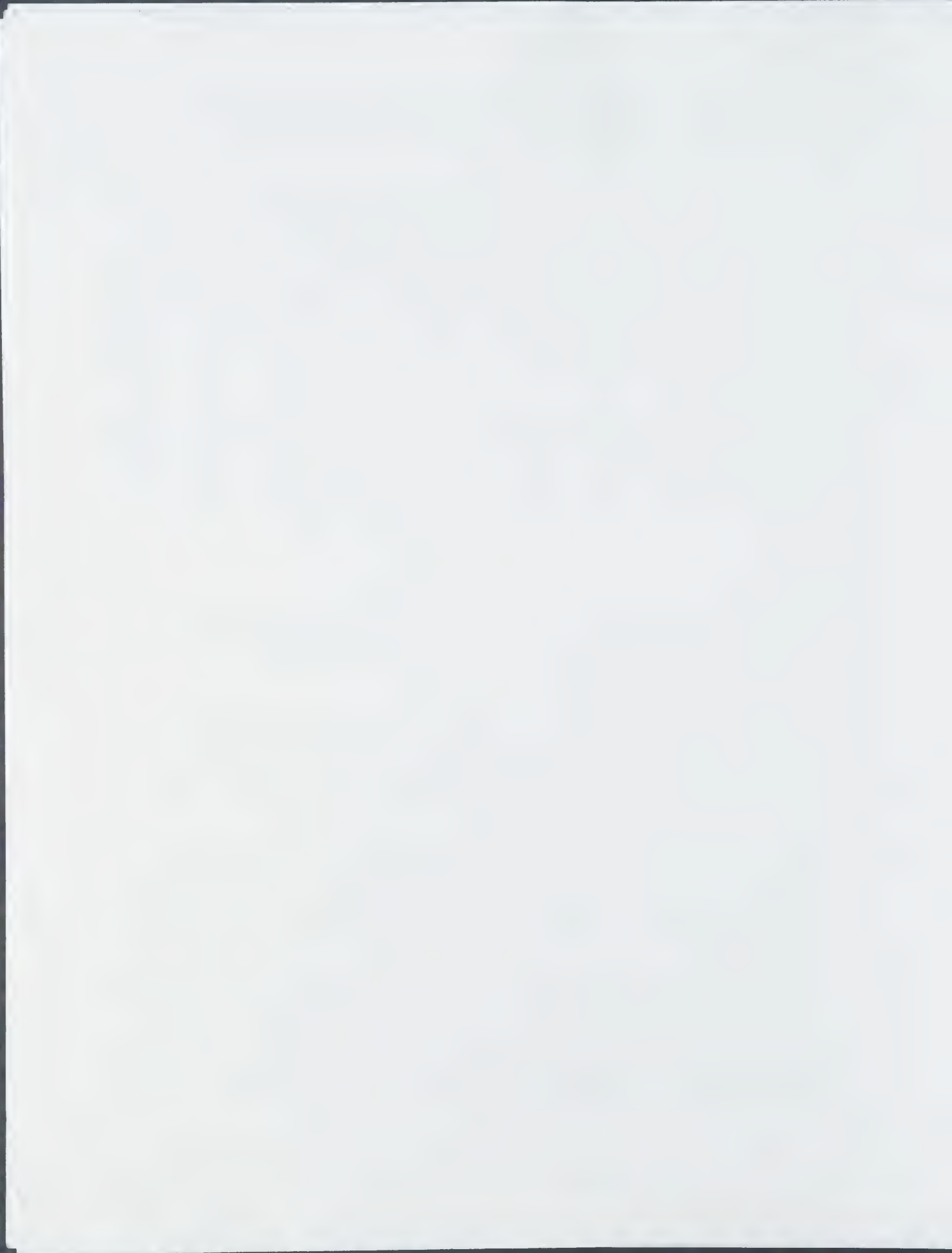
The following table shows the actual consolidated statements of operations for the years ending December 31, 1993 and 1994 along with the pro forma consolidated statements of operations for the years ending December 31, 1995 through 1999:

ALEXIS CORPORATION
Comparative Consolidated Statement of Operations
For the Years Ending December 31
(In Thousands of Dollars)

	Actual		Projected				
	1993	1994	1995	1996	1997	1998	1999
Sales	41	646	2,104	3,970	8,547	13,906	21,444
Cost of Sales	79	423	1,226	2,092	4,444	6,953	10,293
Gross Profit	(38)	223	878	1,878	4,103	6,953	11,151
	-92.7%	34.5%	41.7%	47.3%	48.0%	50.0%	52.0%
Operating Expenses							
Marketing & Sales	94	635	1,461	1,634	2,400	3,600	5,000
General & Administrative	138	621	788	634	900	1,400	2,100
Total	232	1,256	2,249	2,268	3,300	5,000	7,100
Operating Profit	(270)	(1,033)	(1,371)	(390)	803	1,953	4,051
Other Income / (Expenses) <i>net</i>	(1)	(14)	30	53	(277)	(651)	(978)
Net Income Before Taxes <i>with</i>	(271)	(1,047)	(1,341)	(337)	526	1,302	3,073
Provision for Income Taxes <i>with</i>	0	0	0	0	0	0	762
Net Income / (Loss)	(271)	(1,047)	(1,341)	(337)	526	1,302	2,311

Notes:

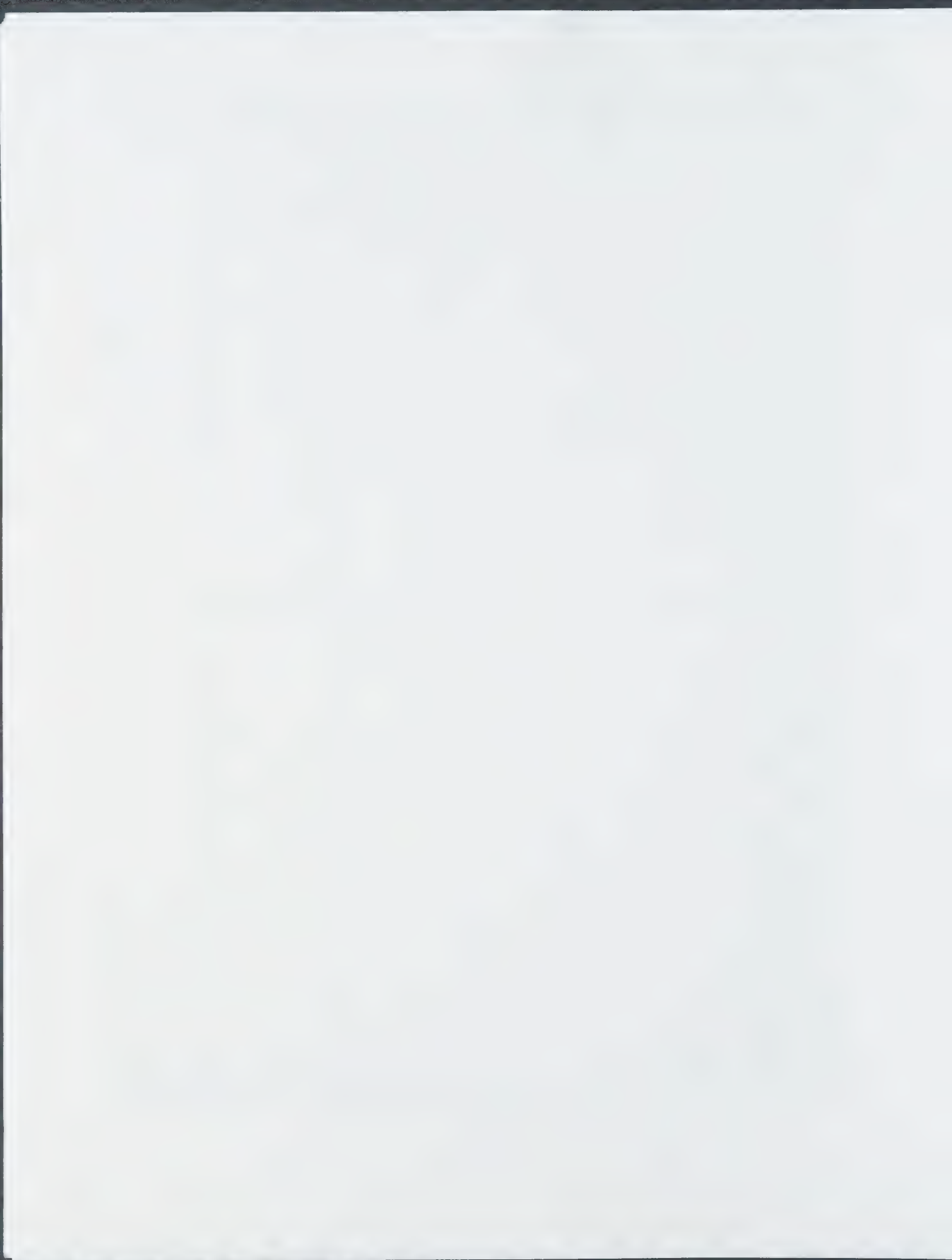
- o Sales. ALEXIS sales really began in 1994 with the advent of the first financing and the company's ability to invest in marketing and sales programs. The Company has enjoyed significant growth (with seasonal exceptions) primarily due to its continuous product sourcing programs for ALEXIS Biochemicals and the addition of new trading companies to ALEXIS Trading. This continuous addition of new products is a cornerstone of the ALEXIS model for future growth.
- o Gross Profit. Improvements in gross profit have resulted and will continue to result from volume increases, operating efficiencies (i.e., economies of scale), in-licensing and purchasing economies from strategic vendors. Highly innovative products are usually premium priced. Shipping, distribution and packaging costs, included in Cost of Sales, are fixed within certain volumes and rise on a step basis, (e.g., the addition of a person or an investment in automated inventory equipment). Shipping, distribution and packaging costs are estimated to be approximately \$200,000 in 1995 and \$200,000 in 1996.
- o Marketing and Sales Expenses. Investments in marketing and sales were made in 1994 and 1995 to build the ALEXIS corporate identity in the Life Science Reagents Market and establish the ALEXIS worldwide distribution network. Going forward, the primary additions to marketing and sales expenses will include further product line specific catalogs and support for the FISHER Scientific general and technical sales force. Smaller investments will be made to improve the mailing list and utilize the internet for new and innovative ALEXIS marketing programs.
- o General & Administrative Expenses. With the addition of Mr. Peer and Mr. Slansky in 1995, certain general & administrative expenses will be reclassified to marketing and sales in 1996, e.g., as Dr. Chappuis focuses on marketing and sales, all of his direct expenses will be classified as marketing and sales expense.
- o Other Income/(Expense). The other income/(expense) line primarily relates to interest income and expense. After ALEXIS becomes profitable, the Company plans to develop a relationship with a lender. Bank debt will be used to finance working capital in 1997 and beyond.



The following table highlights the ALEXIS detailed sales plan for 1996 through 1999:

ALEXIS CORPORATION
Sales Plan
For the Years Ending December 31
(In Thousands of Dollars)

	1994	1995	1996	1997	1998	1999
<u>ALEXIS BIOCHEMICALS:</u>	(Actual)					
Nitric Oxide			371	453	554	681
Enzymes & Proteins (Coagulation)			428	522	639	784
Signal Transduction (Reagents)			166	203	247	308
Neurochemicals			130	159	193	243
Cell Biology / Pathology Reagents			70	85	104	127
Apoptosis Reagents			86	105	128	156
Additions to Above Product Lines Throughout 1996			800	880	1,000	1,100
Additions to Above Product Lines Throughout 1997			0	1,000	1,500	3,200
Additions to Above Product Lines Throughout 1998			0	0	1,000	1,500
Additions to Above Product Lines Throughout 1999			0	0	0	1,250
Reagents for Peptide Synthesis			213	260	317	387
Lipids/Phospholipids			38	43	48	53
Bioactive Peptides (Endothelin)			110	124	139	155
Analytical Standards (Excl. Vitamins)			12	15	18	22
Buffers & Detergents			136	154	172	191
Reagents (Other)			34	38	43	48
Bulk Business (Peptides)			60	73	89	109
Total Sales ALEXIS BIOCHEMICALS		1,647	2,654	4,114	6,191	10,314
<u>ALEXIS TRADING:</u>						
ANCELL			170	350	420	550
SIGNET			94	100	125	150
LC LABORATORIES			232	450	550	650
BIOCYTEX			48	75	100	150
FERMENTEK			48	75	100	150
PRECISION			34	75	100	150
TECHNOCLONE			18	75	100	150
ACCUSTANDARD			108	250	500	800
CAYMAN			28	75	100	150
HAMPTON			220	350	450	550
CELL APPLICATIONS			18	38	50	80
New Company :1			52	90	180	300
New Company :2			144	150	200	300
New Company :3			36	90	180	300
New Company :4			48	90	180	300
New Company :5			18	80	160	300
New Company :6			0	2,000	2,000	1,000
New Company :7			0	10	100	200
New Company :8			0	10	100	200
New Company :9			0	0	2,000	2,000
New Company :10			0	0	10	200
New Company :11			0	0	10	100
New Company :12			0	0	0	2,400
Total Sales ALEXIS TRADING		457	1,316	4,433	7,715	11,130
TOTAL SALES		646	2,104	3,970	8,547	13,906

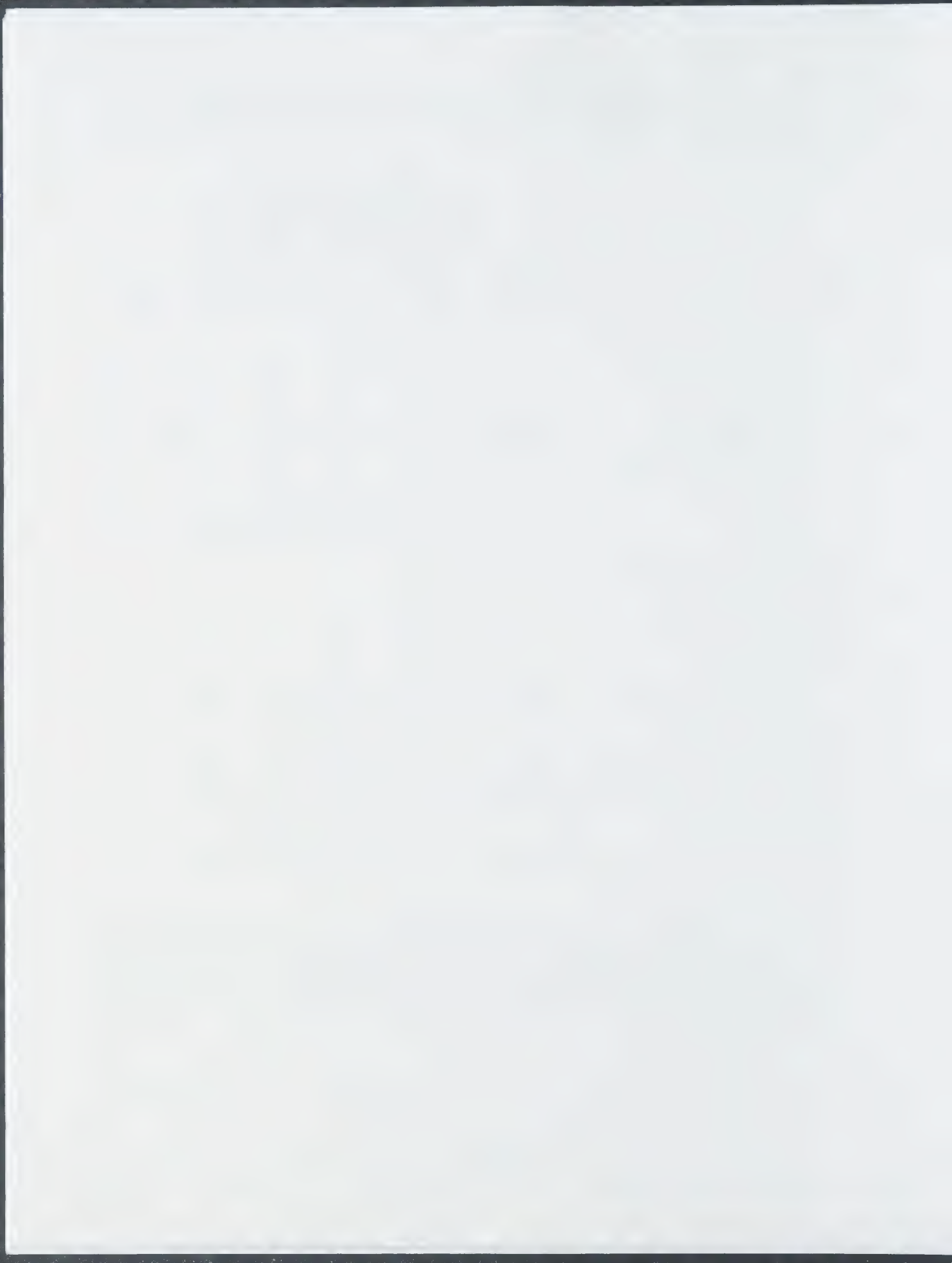


The following table shows the actual consolidated balance sheet for the year ended December 31, 1994 along with the pro forma consolidated balance sheets for the years ended December 31, 1995 through 1999:

ALEXIS CORPORATION
Comparative Consolidated Balance Sheets
For the Years Ended December 31
(In Thousands of Dollars)

	Actual 1994	1995	1996	Projected 1997	1998	1999
ASSETS						
CURRENT ASSETS						
Cash	818	2	662	416	7	375
Accounts Receivable - Trade	149	600	761	1,522	2,286	3,231
Other Receivables	0	41	41	66	116	196
Inventories	236	402	802	2,014	3,388	4,931
Prepaid Expenses & Other Assets	29	101	501	101	501	101
TOTAL CURRENT ASSETS	1,232	1,146	2,767	4,118	6,298	8,834
Equipment & Leasehold Improvements	156	292	542	562	642	782
Less: Accumulated Depre. & Amort.	33	105	225	349	489	657
	123	187	317	213	153	125
Other Assets	74	72	445	2,248	3,957	5,563
TOTAL ASSETS	1,429	1,405	3,529	6,579	10,408	14,522
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Accounts Payable & Accrued Exp.	326	624	685	1,209	1,736	2,339
Credit Line	30	0	0	0	0	0
Notes Payable to Shareholders	50	570	0	0	0	0
Note Payable Bank	0	0	0	2,000	4,000	5,200
Income Taxes Payable	0	0	0	0	0	0
TOTAL CURRENT LIABILITIES	406	1,194	685	3,209	5,736	7,539
SHAREHOLDERS' EQUITY						
Common, Preferred & Add'l Paid-in Capital	2,374	2,847	5,817	5,817	5,817	5,817
Retained Earnings	(1,318)	(2,686)	(3,023)	(2,497)	(1,195)	1,116
Foreign Currency Translation Adjustment	(33)	50	50	50	50	50
TOTAL SHAREHOLDERS' EQUITY	1,023	211	2,844	3,370	4,672	6,983
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,429	1,405	3,529	6,579	10,408	14,522

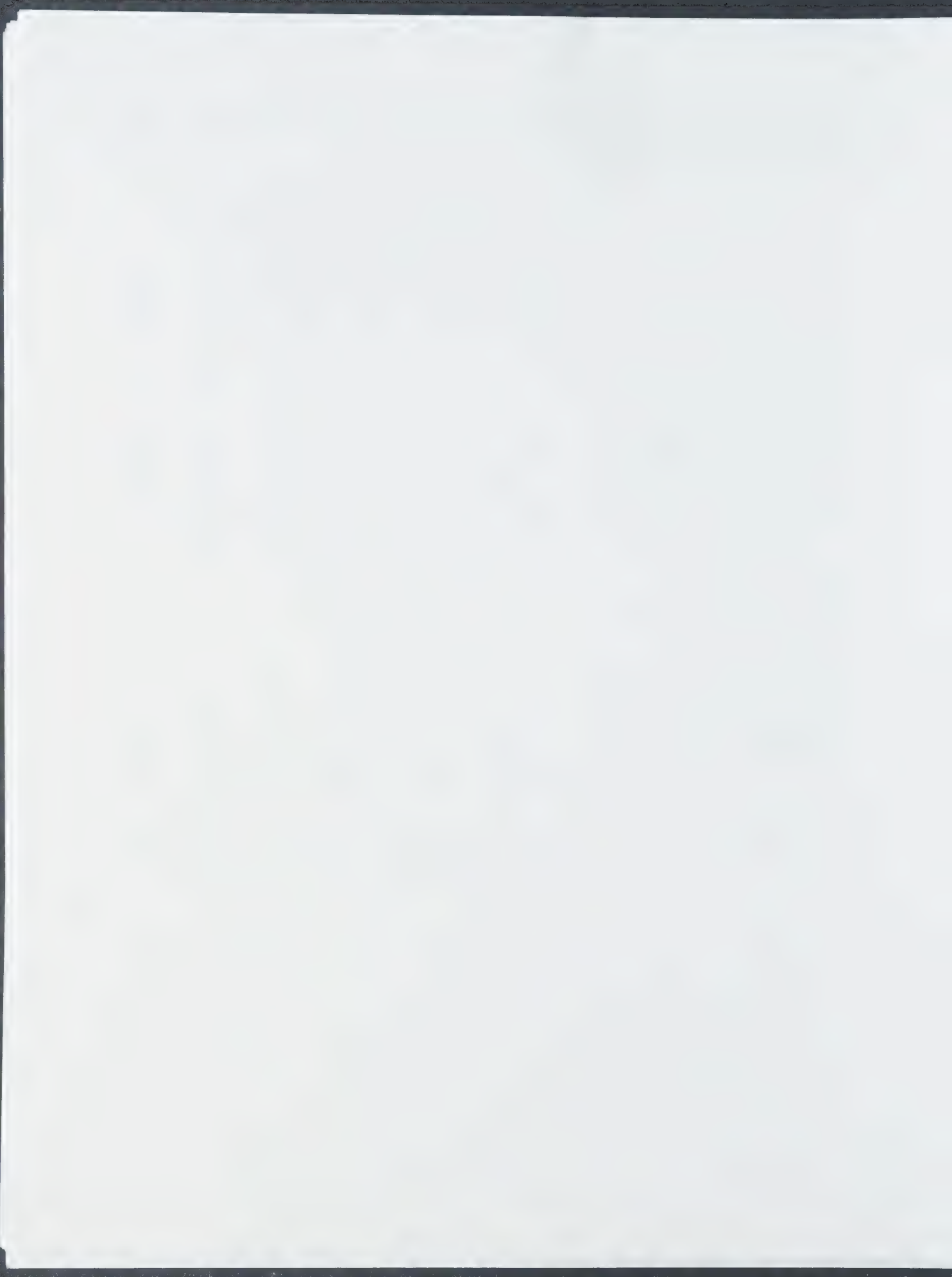
Note: The ALEXIS product line expansion and integration program in 1996 through 1999 records goodwill and other intangibles purchased in "Other Assets" on the Balance Sheet. The Company anticipates borrowing funds to purchase these product lines. In 1996, the proceeds come from this second financing. In 1997, 1998 and 1999, the proceeds come from a lender and recorded under "Note Payable Bank". A credit line is also established in 1997 to assist in cash management, although no borrowings are anticipated at this time. [For other Balance Sheet Notes please see Page 44.]



The following table sets forth the actual consolidated statement of cash flows for the year ended December 31, 1994 along with the pro forma consolidated statement of cash flows for the years ended December 31, 1995 through 1999:

ALEXIS CORPORATION
Comparative Consolidated Statement of Cash Flows
For the Years Ended December 31
(In Thousands of Dollars)

	Actual	Projected				
	1994	1995	1996	1997	1998	1999
OPERATING ACTIVITIES						
Net Income (Loss)	(1,047)	(1,341)	(337)	526	1,302	2,311
Depreciation and Amortization Expense	26	64	147	281	431	594
Changes in Operating Assets and Liabilities:						
Decrease (Increase) in Accounts Receivable	(121)	(373)	(161)	(761)	(764)	(945)
Decrease (Increase) in Other Receivable	0	(39)	0	(25)	(50)	(80)
Decrease (Increase) in Inventories	(113)	(183)	(400)	(1,212)	(1,374)	(1,543)
Decrease (Increase) in Prepaid Expenses	(1)	(101)	(400)	400	(400)	400
Decrease (Increase) in Other Assets	(10)	3	(400)	(1,960)	(2,000)	(2,032)
Increase (Decrease) in Accounts Payable	121	199	61	525	526	603
NET CASH USED IN OPERATING ACTIVITIES	(1,145)	(1,771)	(1,490)	(2,226)	(2,329)	(692)
INVESTING ACTIVITIES						
Purchase of Equipment & Leasehold Improvements	(52)	(125)	(250)	(20)	(80)	(140)
FINANCING ACTIVITIES						
Proceeds from Issuance of Common Stock	302	0	0	0	0	0
Proceeds from Issuance of Preferred Shares	1,537	473	2,970	0	0	0
Proceeds from Stockholder Loans	147	570	(570)	0	0	0
Proceeds from Line of Credit	(19)	0	0	0	75	110
Proceeds from Bank Loan	0	0	0	2,000	3,660	3,950
Foreign Currency Translation Adjustment	(34)	37	0	0	0	0
	1,933	1,080	2,400	2,000	3,735	4,060
INCREASE (DECREASE) IN CASH	736	(816)	660	(246)	(409)	368
CASH BEGINNING BALANCE	82	818	2	662	416	7
CASH ENDING BALANCE	818	2	662	416	7	375



NOTES AND ASSUMPTIONS

Highlight Assumptions:

- o Sales increase at an 80% combined average growth rate from 1995-1999.
- o Sales growth is a combination of internal growth and strategic product line expansion & integration.
- o All product line expansion, after 1996, are funded internally or through debt & equity financing. ?
- o Gross margin increases approximately 10% over a five year period.
- o Marketing & sales expenses decline from 69% of sales in 1995 to 23% of sales in 1999.
- o General & administrative expenses decline from 38% of sales in 1995 to 10% of sales in 1999.

Detailed Assumptions:

o Sales Increase. Sales growth of ALEXIS is projected at approximately 80% combined average growth rate from 1995 through 1999:

	1993	1994	1995	1996	1997	1998	1999
Sales	41	646	2,104	3,970	8,547	13,906	21,444
Growth %		1,476%	225%	88%	115%	63%	54%

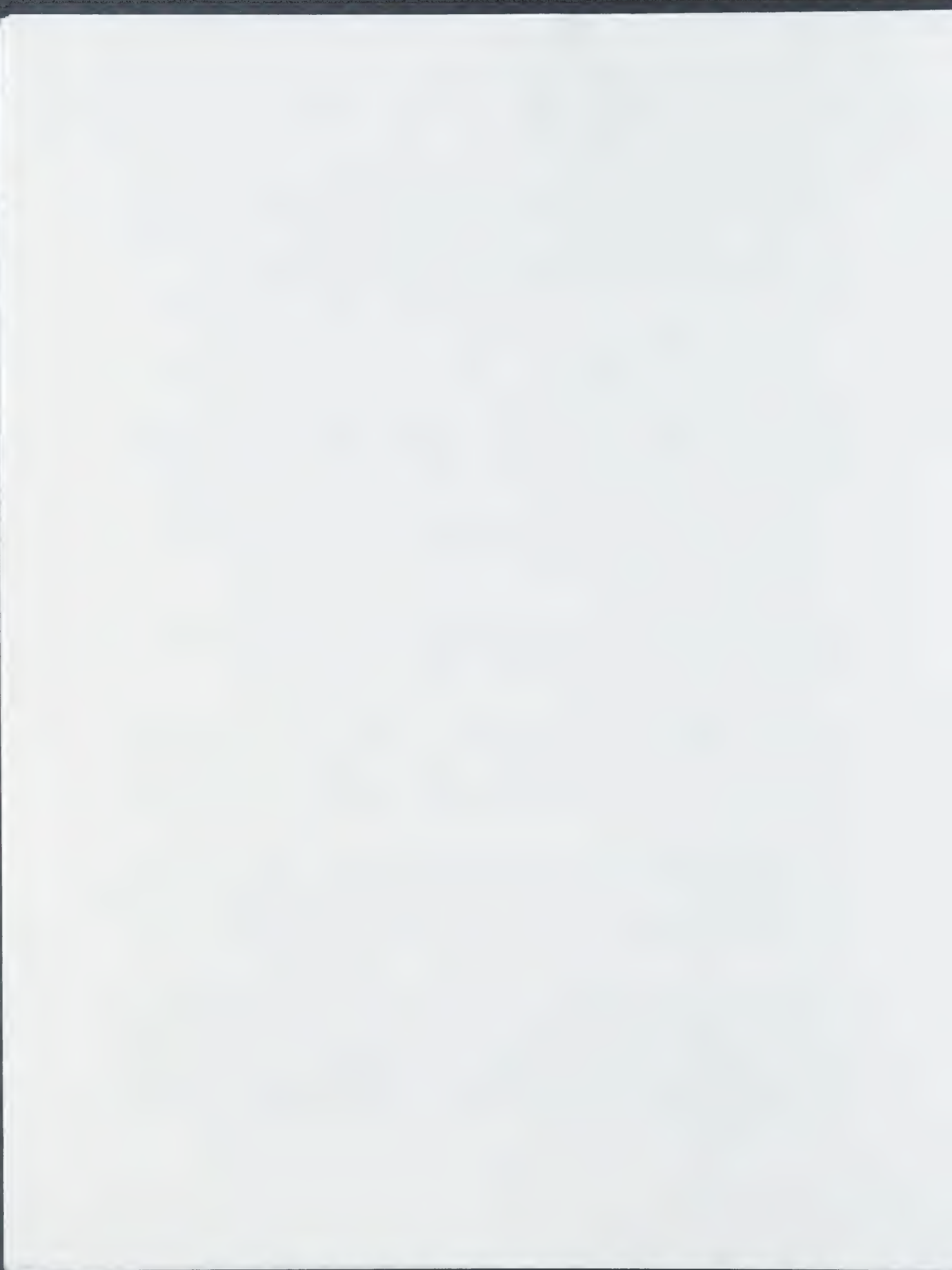
Sales growth is generated from internal growth of the ALEXIS Biochemicals and ALEXIS Trading Divisions combined with continuous product line expansion and integration. The company projects that a minimum of twelve new strategic trading partners will be added to the ALEXIS Trading division over the next four years. [See Sales Plan on Page 40.]

o Gross Margin. ALEXIS gross margins increase from 41.7% in 1995 to 52.0% in 1999 due to increases in sales volume, a focus on higher margin product lines, purchasing economies, strategic alliances with vendors in the ALEXIS Trading division, unique product additions to the ALEXIS Biochemicals division and economies of scale in distribution and operations.

o Marketing & Sales Expenses. ALEXIS is an international marketing, sales and distribution company. Marketing and sales expenses decrease as a percentage of sales from 69% in 1995 to 23% in 1999 as sales increase and focus is placed on database marketing and improving the effectiveness of the marketing and sales tools. Higher initial marketing and sales expenses are due to the establishment of a core international marketing and sales organization with certain fixed costs in experienced personnel and select marketing tools.

o General & Administrative Expenses. General & administrative expenses decrease as a percentage of sales from 38% in 1995 to 10% in 1999 primarily due to increases in sales and a focused effort to consolidate general & administrative expenses. Higher initial general & administrative expenses are due to the utilization of legal & accounting services, the addition of a Corporate Controller, the establishment of three international subsidiaries and the recruitment of a President & COO.

o Other Income/(Expenses). Other income and expense is primarily interest income and expense and amortization of intangible assets. In 1995 & 1996, interest income is calculated on the net cash available (\$2.4 million financing as a cash inflow and defined use of proceeds and operating expenses as a cash outflow) at 8% per annum. In 1997, 1998 & 1999, interest expense is incurred as ALEXIS borrows in excess of \$5 million to finance product line expansions. The first product line expansion is funded from cash, the remaining product line expansions are expected to be funded through a combination of ALEXIS stock and debt financing. The actual purchase accounting will be defined at each acquisition.



o Accounts Receivable. The ALEXIS receivables reflect the combined U.S. and international receivables from its wide range of customers. Although international receivables are outstanding for a longer period of time than domestic receivables (partially due to distributor agreements), the overall corporate receivable is expected to decline from approximately 70 days to 55 days, primarily due to an increase in the proportion of domestic receivables.

o Inventory. Inventory projections are based on estimates of material cost and an inventory turnover ratio of approximately 2:1 on cost of sales. In the Life Science Reagents Market, customers expect rapid delivery of product; therefore, good inventory control becomes essential to product availability and customer satisfaction. The industry leader has an inventory turnover ratio of approximately 1:1 on cost of sales. ALEXIS expects to build a more extensive stock of inventory in the United States to support the growth in domestic sales which causes a slight increase in inventory on the Balance Sheet.

o Prepaid Expenses & Other Assets. ALEXIS intends to invest in product line catalogs. Certain product line specific and mini- catalogs will be capitalized into prepaid expenses and other assets and amortized over periods of up to two years which causes the prepared expenses to fluctuate.

o Equipment & Leasehold Improvements. Additional capital equipment is required in 1996 to improve the ALEXIS computer automation environment and support the expanding international operations infrastructure. Thereafter, increases are controlled at maintenance investment levels.

o Other Assets. For purposes of this analysis, the goodwill and other intangibles coming from product line expansions are recorded on the balance sheet under Other Assets.

o Accounts Payable. The ALEXIS payables reflect the combined U.S. and international payables from its wide range of vendors. Many of the ALEXIS vendors are small companies with limited financial resources and have short payment terms; therefore, the overall assumption is that payments will be made on average at net 40 days.

o Line of Credit. The line of credit is used for working capital purposes. The line of credit is established in 1997 as the company becomes profitable and bank financing sources become interested in lending based on the company's receivables and inventory.

o Note Payable Bank. The company expects to finance its product line expansion and integration program primarily through debt financings. Based on the expected profitability and cash flow projection of ALEXIS, the management of the company intends to establish a relationship with a lender. The first loan is anticipated in 1997 as ALEXIS continues its product line expansion program. Total cash flow borrowings are expected to exceed \$5 million by 1999.



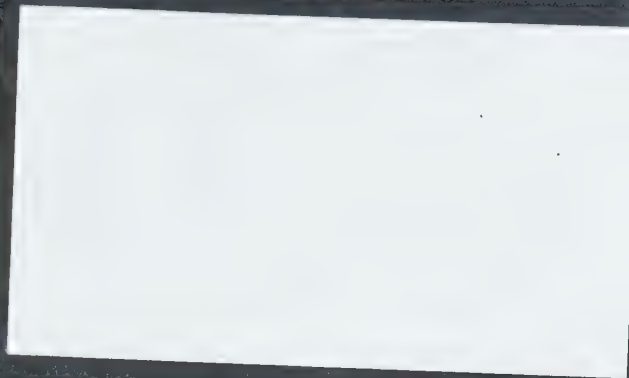


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Allan Cohen, Ph.D
Managing Director



To Dr. Allan Cohen

312 258

0334

Hubert Looser – Es gebe im Leben noch anderes als arbeiten, sagte Unternehmer Looser, als er seine Walter Rentsch verkaufte. Richtig. Doch der Verkauf hat noch ganz andere Gründe. Einer liegt beim verlustreichen Biodor-Debakel: Denn Looser

HÄLT DEN KOPF HIN

VON PETER KNECHTLI

Hubert Looser, bis zum Verkauf seiner Mehrheitsbeteiligung von 50,7 Prozent an Canon Chef seines Lieblingskindes Walter Rentsch, tritt kürzer. Gesundheitliche Gründe führte er für den Handel an. Vielleicht aber hat der Verkauf des kerngesunden Unternehmens zum geschätzten Preis um 100 Millionen Franken mit einem Geschäft zu tun, das einen weniger erfolgreichen Hintergrund aufweist als die Walter-Rentsch-Story: die Biodor Holding («Bilanz» 10/91).

Mit seinem Namen wollte der erfolgreiche Looser, 55, massgeblich am Aufbau des Biotechnologie-Konzerns mit Sitz in Läfelfingen BL beteiligt, «Jungunternehmer in ihrem Vorhaben unterstützen und motivieren». Die kompetent und explodierende Reissbrett-Holding, mit Looser als Vizepräsident 1987 gegründet, zählte in ihren Glanzzeiten 35 weltweit tätige Tochterfirmen. Jetzt herrscht am Läfelfinger Konzernsitz Totenstille: Der Telefonanschluss wurde «ohne weitere Angaben gekündigt».

Publizität erzielte die «erfolgreiche Biochemiegruppe» (Zielformulierung im Jahresbericht 1988) vorwiegend mit Erfolgsmeldungen. Lange hielten sie freilich nicht an. Ein Private placement schlug 1988 fehl, Looser zahlte getätigte Plazierungen zurück. Von der Öffentlichkeit kaum bemerkt, verschwand die Holding wie ein Potemkinsches Dorf. Die Fir-

men sind bis auf wenige Ausnahmen verkauft oder aufgelöst. Der siebenköpfige Verwaltungsrat schrumpfte zum Trio, das Präsidium ist vakant. Steuermann Looser («Ich falle nicht auf die Nase») blieb mit dem Versprechen an Bord, «die Sache an ein gutes Ende zu führen», ohne den Konkursrichter zu beschäftigen. So werden nächstes Jahr Kassascheine 1989/94 im Wert von 20 Millionen Franken fällig.

Das Biodor-Abenteuer nahm kein gutes Ende.

Nach Schätzungen von Branchenkennern hinterlässt das Biodor-Debakel ein Loch zwischen 50 und 100 Millionen Franken. Die Grössenordnung von 100 Millionen Franken bezeichnet Looser gegenüber «Bilanz» als «völlig unzutreffend», ohne allerdings die wirkliche Zahl zu nennen. Sicher mit mehreren Millionen, andere sprechen von zweistelligen Millionenbeträgen, muss Hubert Looser bluten. Auch die Banken, unter ihnen mehrere Kantonbanken, werden ihre Blessuren abbekommen.

In der Phase des Biodor-Desinvestments löste sich der Zürcher Unternehmer von Elco Looser zugunsten seiner Geschwister und übernahm im Gegenzug ihre Namenaktien an der Walter Rentsch Holding, was flüssige Mittel nötig

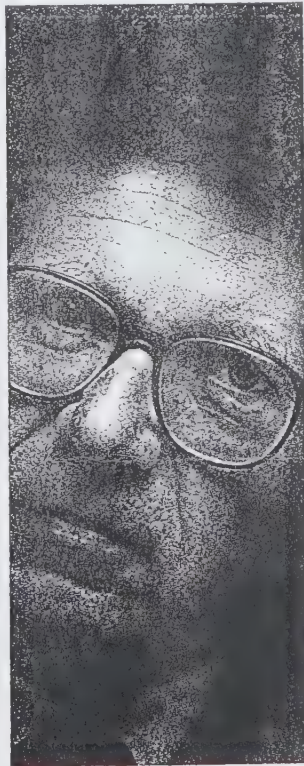
machte. Den jetzigen Verkauf des Rentsch-Mehrheitspakets sehen Beobachter nur als logischen letzten Schritt zur sauberen Liquidation der Biodor. Dem widerspricht Looser: «Beide Desinvestitionen sind aus unterschiedlichen Gründen vorgenommen worden. Ein Zusammenhang liegt höchstens bei meinen gesundheitlichen Problemen.» Biodor sei heute «aufrechtstehend», sagt der Liquidator: «Es liegen kei-

ne Betreibungen oder unmittelbare Forderungen vor.»

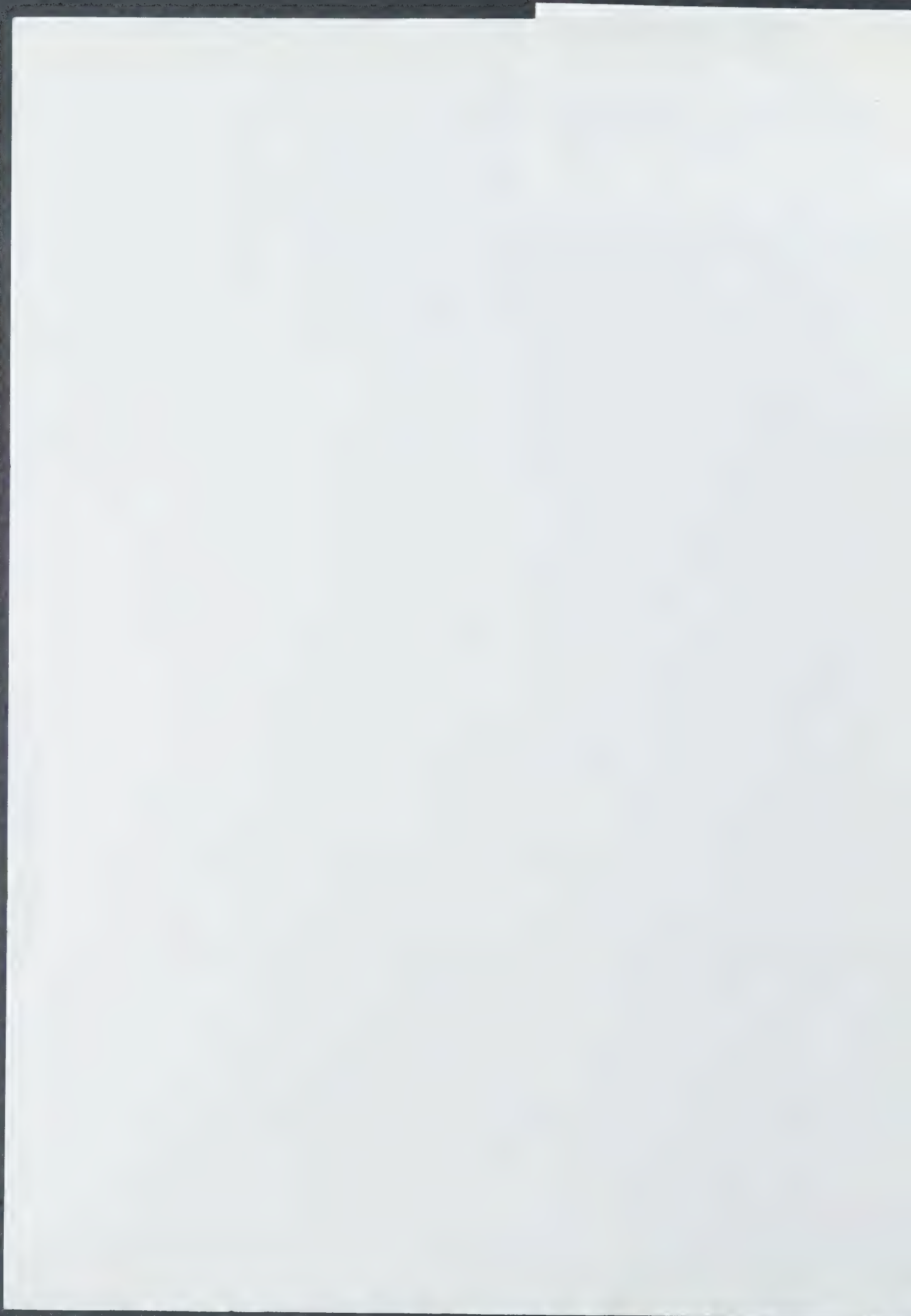
Looser wird aus dem ohne Zweifel riskanten Engagement seine Lehren gezogen haben. Er wollte unternehmerische Innovation und wurde Opfer einer Firmengeschichte, die mit Hilfe staatlicher Wirtschaftsförderung begann. Operativ führte als Delegierter der Chemiker Georges Chappuis das Zepher, der meisterhaft Organigramme und traumhafte Wachstumsprognosen zeichnete. Diesem «Rey der Biotechnologie» (so Chappuis' damalige Selbsteinschätzung) hatte Looser ausser Vertrauen wenig entgegenzusetzen. Es war Wissenschaftler Chappuis, der sich auf dem komplexen Markt mit hochwertigen Biochemikalien als Manager tummelte. Unterstützt wurde er von Verwaltungsrat Paul Schaub, dem früheren Besitzer der Biodor-Immobilienfirma Balit.

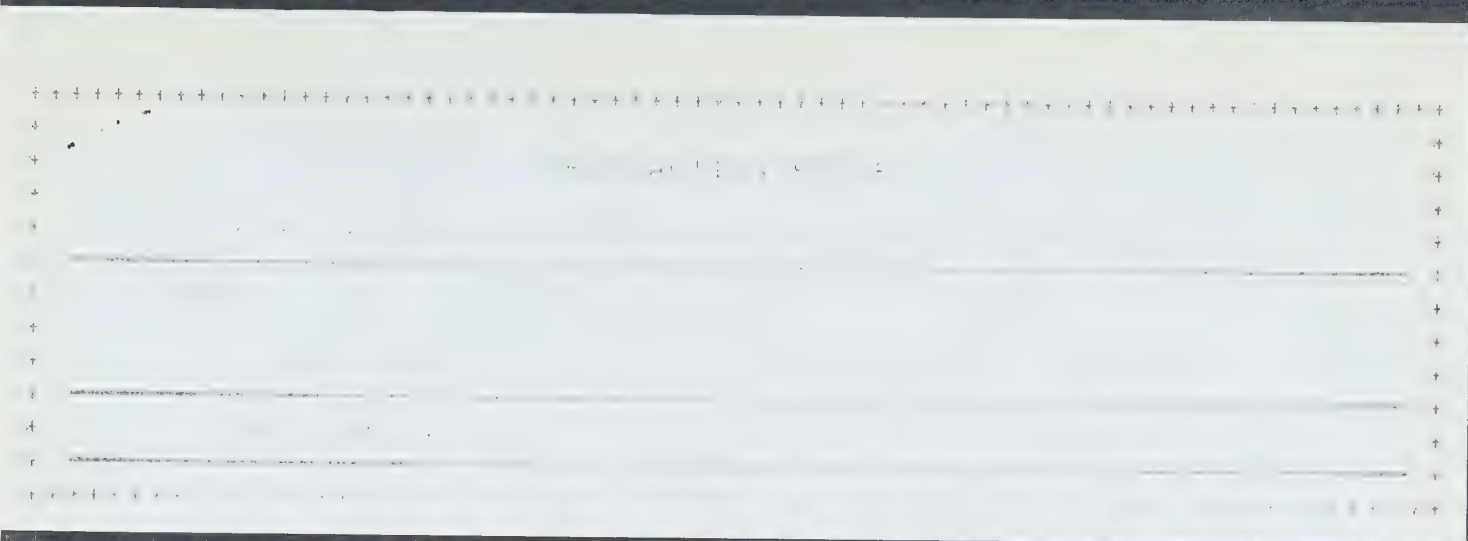
Laut Insidern waren es nicht die Immobiliengeschäfte, die der Biodor massive Verluste einführen, sondern Chappuis' spekulative, von den Banken zu unkritisch mitgetragene Expansionspolitik. Für die steht jetzt Hubert Looser gerade. Er betonte gegenüber «Bilanz» denn auch, dass «die Biodor bei ihrer Desinvestition in dieser Krisenzeit keine Entlassungen vornehmen musste».

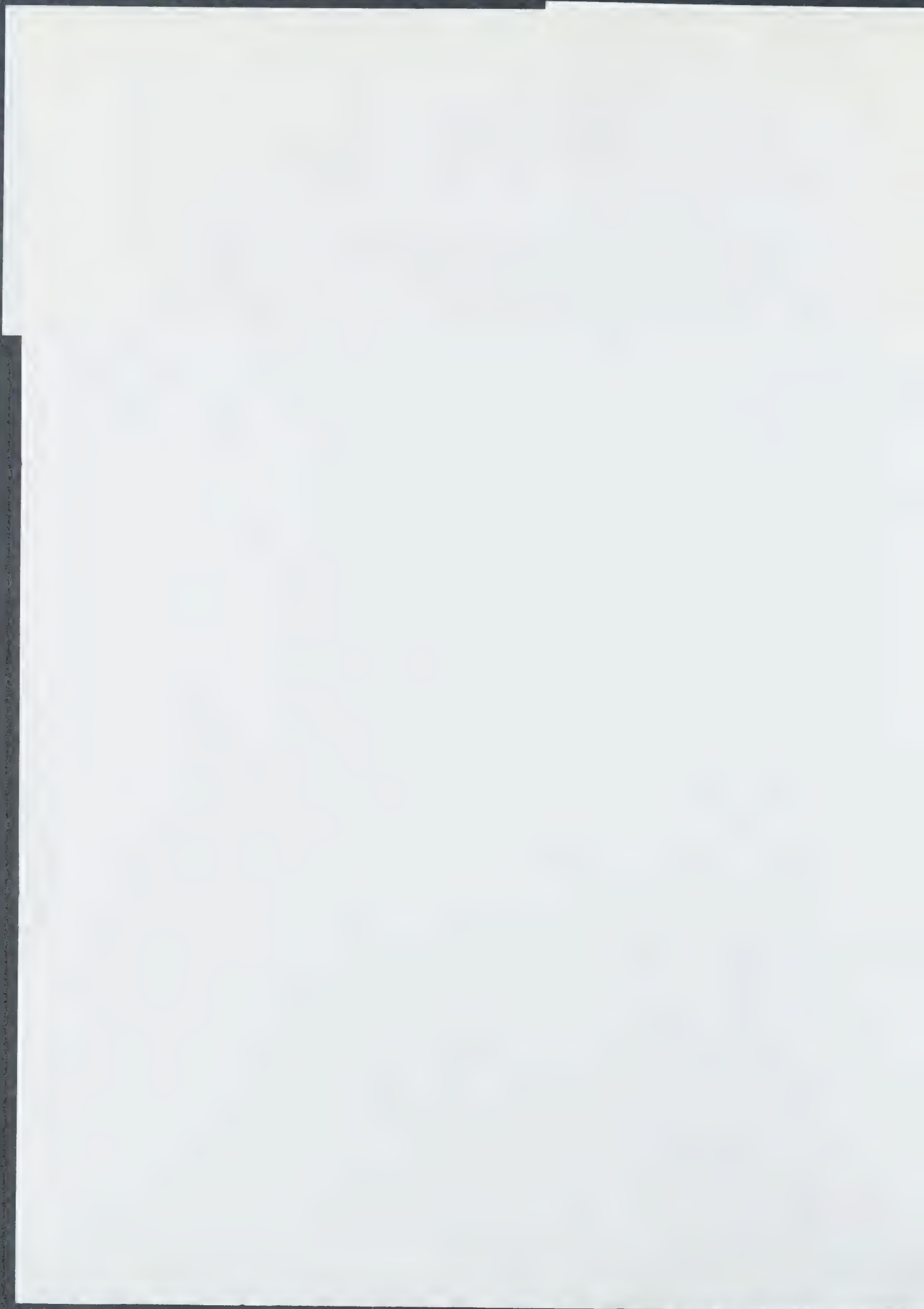
Ein neues Tätigkeitsfeld hat auch Noch-Biodor-Verwaltungsrat Chappuis gefunden: Im Mai gründete er die Alexis Corporation, eine Einzelfirma für Reagenzienhandel. In Briefen an potentielle Geschäftspartner fehlt auch das Organigramm mit Niederlassungen in Europa, den USA und Japan nicht. Sitz der neuen Firma ist die Alte Hauensteinstrasse 4 in Läfelfingen, dort, wo Chappuis' hochfliegende Pläne einst der Biodor Holding galten. □



Biodor kostet Geld: Hubert Looser.







FAX FROM



DR. ALFRED BADER
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Milwaukee, Wisconsin 53202
Telephone: 414/277-0730
Fax: 414/277-0709

April 3, 1996

Page 1 of 2

To: Mr. Richard B. Slansky
ALEXIS Corporation
Fax: 619/658-9224

Dear Mr. Slansky:

Thank you so much for your fax of yesterday.

Dr. Allan Cohen is an old friend who did talk to me about ALEXIS, and of course, I would be very happy to meet you and perhaps Dr. Chappuis and Ms. Dettwiler also. Dr. Chappuis, incidentally, worked with an old friend, Dr. Gosteli.

As you will see from the enclosed, my week in San Diego will be very full; I will be staying at the Comfort Inn at 8000 Parkway Drive in La Mesa.

One possibility of meeting might be briefly after my talk at the San Diego Museum of Art on April 23rd. An alternate time might be for breakfast on Saturday morning, April 27th.

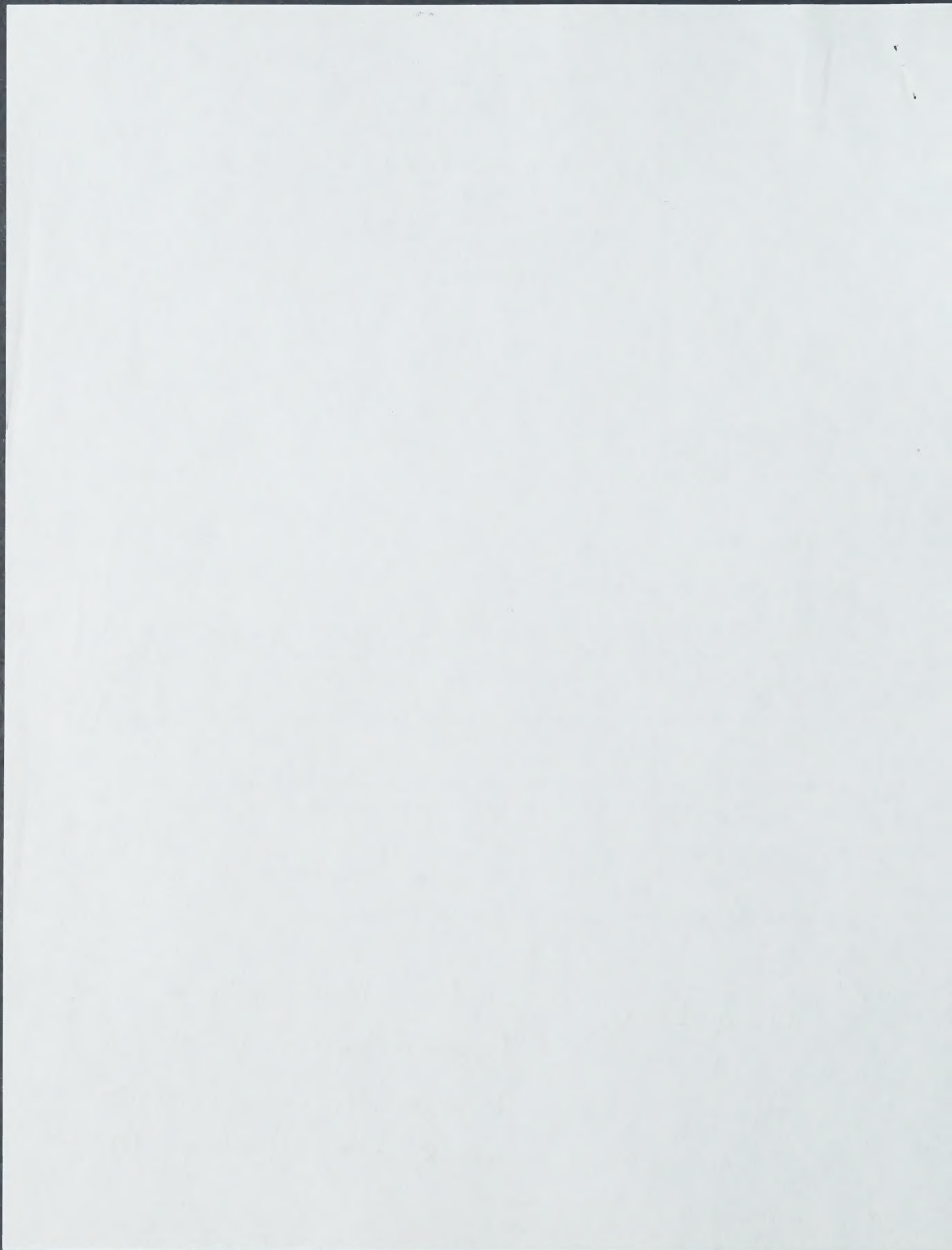
You will note that on the schedule April 26th looks almost empty, but there are a great many people at the Scripps Clinic whom I would like to see, so that Friday would be completely filled.

I much look forward to hearing from you and remain, with best regards,

Yours sincerely,

AB/cw

PS: I am a Jew,
Passover begins to-day &
I won't be in my office
until next Monday, April 8



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