

Clal Biotechnology Industries Completes Investment in OralScan Laboratories

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TEL AVIV, Israel & SUFFERN, N.Y.--(BUSINESS WIRE)--Jan. 23, 2001-- Clal Biotechnology Industries Ltd. ("CBI"), Israel's leading investor in the life sciences, has recently completed an additional investment overseas.

Following its investment in September in Immuno-Designed Molecules S.A. of France, CBI has recently completed an investment in OralScan(R) Laboratories, Inc. ("OralScan"), a Suffern, NY,-based company which specializes in early cancer detection. CBI has acted as lead investor in this round of financing and, together with its investment consortium partners, has invested \$12 million as consideration for approximately 10% of the company's share capital, with an option to acquire an additional 2.5%.

OralScan's proprietary technology can increase the detection of oral cancer and other head and neck cancers, at an early, most easily curable stage. Oral cancer is more common than all forms of leukemia combined, and when detected late can be a devastating, highly disfiguring, illness. The total United States market for OralScan's oral cancer test, marketed as OralCDx(R), is estimated to exceed \$1 billion annually.

Due to late detection, oral cancer currently claims the lives of more people in the US, the United Kingdom, Israel, and the rest of the developed world than either melanoma (skin cancer) or cervical cancer. Although most often associated with smoking, over 25% of oral cancer victims have not used tobacco, and have no other known risk factors. Of the top 25 cancers in the US, only two have not improved in mortality in the last 30 years. These are oral cancer and laryngeal cancer, another target of OralScan's proprietary cancer detection technology.

Oral cancer is typically first visible during a routine dental examination as a small white or red patch or "sore" anywhere in the mouth. While most often easily curable at this early stage, these patches or sores are often not tested for cancer, and are allowed to progress, because they can appear exactly like common benign oral lesions that are routinely present in approximately 10% of all adult dental patients. In addition, conventional lesion testing can be a painful procedure which usually requires referral to a specialist. OralScan's proprietary technology is expected to change this practice by providing an accurate, painless, chairside method, by which all dentists can easily test these common, benign appearing oral lesions for the early stages of oral cancer.

OralScan's technology is based upon its ability to isolate "rare event" head and neck cancer cells on a microscope slide. This is accomplished using proprietary imaging techniques that detect a combination of molecular and morphological indications. These indications are unique to early stage cancer of the epithelium, which lines the nasopharynx, oral cavity, pharynx, larynx and upper esophagus. Utilizing advanced robotics, scanning and imaging capabilities, combined with a unique, proprietary kit designed to painlessly collect an optimal sample from the patients' oral tissue, the company can detect pre-cancerous and cancerous oral lesions with close to 100% sensitivity, and send a reply to the referring dentist within 48 hours. Lesions determined by OralCDx to be potentially abnormal are thus identified for follow-on scalpel biopsy and histology to complete their characterization.

OralScan's strengths include its intellectual property position, protecting various aspects of the technology, and its proprietary expertise in oral cancer diagnosis. In addition, the company's US marketing, sales, and distribution system are provided through a mutually exclusive strategic alliance with Sullivan-Schein Dental(R), a division of Henry Schein, Inc. (Nasdaq:HSIC), the largest provider of dental supplies to office-based practitioners in North America and Europe, further increasing its likelihood to successfully penetrate the US dental market.

Moreover, OralCDx testing recently received the American Dental Association's "Seal of Acceptance", reflecting the outstanding data derived from its pivotal clinical trial conducted at 35 US Academic centers. These trial results were featured as the cover article of the October 1999 Journal of the American Dental Association.

After focusing its marketing efforts on continuing professional education (the product is already an integral part of the curriculum in many leading US dental schools), OralScan plans to launch an extensive consumer awareness program in 2001. This will be followed by programs to couple OralScan's technology with endoscopy for use by medical specialists in head and neck cancer.

Commenting on the investment, Dr. Avri Havron, CBI's Chief Technology Officer said, "We feel OralScan is a company which has truly validated its technology via a solution that is well on its way to becoming part of the standard of care each patient shall expect from a dentist. OralScan benefits from first-class management and infrastructure, and the product it provides is truly unique."

Mark Rutenberg, President and Chief Executive Officer of OralScan commented, "After concluding an extensive technology and market analysis, the business and science team at CBI clearly appreciates the breakthrough potential of OralCDx testing, and the broader benefits that our rare event detection technology can provide to other areas of cancer detection and bioscience. We are excited about CBI becoming a major shareholder of OralScan, and are confident that this partnership will accelerate the success of both our current programs and future applications of our technology."

Clal Biotechnology Industries Ltd.

Clal Biotechnology Industries ("CBI") is a wholly-owned subsidiary of Clal Industries and Investments Ltd. CBI is Israel's leading investment entity in Life Sciences, active in the fields of Biopharmaceuticals, Bioinformatics and Tissue Engineering. Established in 1998, CBI has invested close to \$60 million to-date. Portfolio companies include: D-Pharm, Compugen (Nasdaq:CGEN), NST, Polyheal, Peptor & IDM.

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