

**Isotag Acquires Calyx.**

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Acquisition Provides Isotag with Security Inks Expertise and a New Chief Technology Officer.

DALLAS-(BUSINESS WIRE)-July 18, 2003-Isotag announced today the acquisition of Calyx, Inc., a technical leader in the authentication industry with significant expertise in the pharmaceutical industry. The firm is led by Dr. William Faenza, M.D., Ph.D., who becomes Isotag's new Chief Technology Officer.

Calyx develops overt and covert security ink technology for brand protection and the prevention of product counterfeiting. The company specializes in multi-tiered solutions that can be combined with standard or secure proprietary symbology. The solutions can be adapted for use with machine reading systems, vision systems, and database-linked barcode systems.

The combination of Isotag's patented molecular markers and Calyx's security inks creates a comprehensive solution for global brands that require a combination of overt, covert and forensic authentication marks. Both the molecular marker and security ink technology can be tracked through the supply chain with Isotag's Web-based information system Isoguard(tm). The combined company will serve numerous Fortune 500 clients, including global leaders in the pharmaceutical industry, the oil & gas industry and the financial services sector.

"Calyx delivers in three critical areas," said David Moxam, Isotag's president and CEO. "They have the most state-of-the-art "in-production" solution sets for some of the world's leading global conglomerates; they share our view that industry subject matter expertise is critical; and they have a driving ambition to lead in science and technology."

Dr. Faenza will continue to operate the New Jersey-based laboratory focusing on further R&D development of advanced authentication and product security technologies.

**MHT Partners**, L.P., a Dallas-based investment banking firm, advised Isotag on this transaction.

Financial terms of the deal were not disclosed.

**About Isotag**

Isotag is a science and technology company that delivers advanced authentication solutions to enable global corporations to protect their products from brand compromise such as counterfeiting, diversion and adulteration, and recover a significant percentage of the company's lost revenue. It is estimated that more than \$1 trillion is lost annually to brand compromise. Isotag's technology can also play an integral role in a government's homeland security initiatives by instantly detecting fake credentials, tracing explosives to their source, and certifying cargo shipments. The company engineers molecular and near-infrared markers that are invisible, impossible to copy and legally defensible in court proceedings. Isotag's patents are the result of more than \$300 million in R&D investments by the Los Alamos National Laboratory and Eastman Chemical Company. For more information, contact us at 866-434-1402 or visit our Website at [www.isotag.com](http://www.isotag.com).