BIO REFERENCE LABORATORIES INC
Form 10-K
January 14, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[Mark One]

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended October 31, 2010

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 159d) OF THE SEUCIRITES EXHANGE ACT OF 1934

For the transition period from to

Commission file number 0-15266

BIO-REFERENCE LABORATORIES, INC.

New Jersey	**22-2405059**
(State of incorporation)	(I.R.S. Employer Identification No.)

481 Edward H. Ross Drive, Elmwood Park, New Jersey 07407

(Address of principal executive offices)

Registrant s telephone number **201-791-2600**

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

Securities registered pursuant to Section 12(g) of the Act:	**Name of Exchange on Which Registered**
Common Stock, $.01 par value	NASDAQ Global Market

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes o No x.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o.

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No x. [not required]

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer. accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x
Non-Accelerated filer o	Smaller reporting company o

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x.

The aggregate market value of the voting stock of Bio-Reference Laboratories, Inc. (consisting of Common Stock, $.01 par value) held by non-affiliates of the registrant was approximately $575,000,000 based upon the last sale price for the Common Stock on April 30, 2010, the last trading date of the registrant s most recently completed second quarter, as reported on the NASDAQ Global Market System.

On January 8, 2011, there were 27,847,204 shares of Common Stock issued and outstanding

PART I

Special Note

Throughout this Annual Report on form 10-K the number of shares and the price per share have been adjusted to reflect the Company s 2 for 1 stock split April 22, 2010.

Item. 1. - Business

Overview

We believe that we are the fourth largest full service laboratory in the United States and the largest independent regional laboratory in the Northeastern market. We offer a comprehensive list of laboratory testing services utilized by healthcare providers in the detection, diagnosis, evaluation, monitoring and treatment of diseases. We are primarily a clinical testing laboratory servicing physician offices with concentrations in the focused markets of esoteric testing, molecular diagnostics, anatomical pathology and correctional health care

We currently process nearly 4.6 million requisitions each year. A requisition form accompanies a patient specimen. It indicates the tests to be performed and the party to be invoiced for the tests. Our clients include doctors, employers, clinics and governmental units. We have a network of over 80 patient service centers for collection of patient specimens.

In 2006 we acquired GeneDx, a diagnostic genetic testing laboratory providing services to national and international customers. GeneDx specializes in testing for rare and complex genetic conditions through the use of DNA sequencing. In 2007 we introduced the first commercially available genome-wide oligonucleotide microarray analysis testing useful for the diagnosis of, among other conditions, developmental disorders. In 2008, we were the first commercial laboratory in the world to offer NextGen (high speed computerized sequencing) to analyze multi-gene conditions. These innovations have significantly grown GeneDx s business. The success and growth of GeneDx can be attributed to both the unique nature of our testing and the highly experienced clinicians and researchers who run the business.

In addition to our clinical testing operations, we operate a clinical knowledge management service through our PSIMedica business unit. This system uses customer data from laboratory results, pharmaceutical data, claims data and other data sources to provide administrative and clinical decision support systems which enable our customers to provide quality and efficient healthcare to their populations.

We also operate a web-based connectivity portal solution for laboratories and physicians through our CareEvolve subsidiary. We use this portal ourselves to provide laboratory ordering and results to our physician customers. We also market and license this connectivity solution to other laboratories throughout the country.

We are a New Jersey corporation. We may at times refer to ourselves and our subsidiaries as the Company. We are the successor to Med-Mobile, Inc., a New Jersey corporation that was organized in 1981. Our executive offices are located at 481 Edward H. Ross Drive, Elmwood Park, NJ 07407, telephone number: 201-791-2600.

The Clinical Laboratory Testing Market in the United States

We believe that the U.S. market for clinical laboratory testing generates approximately $52 billion in annual revenue. Nearly all laboratory tests are performed by one of three types of laboratories: hospital laboratories, physician office laboratories or independent clinical laboratories. We believe approximately 55% of the clinical laboratory tests done in the United States are currently performed in a hospital laboratory, approximately 40% performed by an independent clinical laboratory and the balance in a physician office or other laboratory.

During the last few years, the economic fundamentals of the industry have been improving. In the cost containment era of the 1990s, the industry was negatively impacted by the rapid growth of managed care, stringent government regulation and investigations into fraud and abuse. These factors led to revenue and profit declines and industry consolidations, especially among commercial clinical laboratories. As a result, fewer but larger clinical laboratories have emerged with greater economies of scale, more effective compliance with government billing regulation and other laws and a better approach to pricing their services. These changes resulted in improved profitability. In addition, new and emerging technologies continue to provide greater testing opportunities for clinical laboratories.

We believe the industry will continue to experience growth in testing volume due to the following:

Aging of the population of the United States;

Awareness by patients of the value of laboratory tests;

Decrease in the cost of tests;

Decrease in the influence of managed care organizations on the ordering patterns of their physicians;

Development of sophisticated and specialized tests for early detection of disease and disease management;

Diagnosis and monitoring of infectious diseases such as AIDS and Hepatitis C;

Early detection and prevention as a means of reducing healthcare costs;

Employer sponsored wellness programs;

Research and development in genomics.

Business Strategy

We operate as a national oncology laboratory as GenPath. Our innovative technology platform for sexually transmitted infections has enabled us to expand as a national laboratory in the area of Women s Health. GeneDx, our wholly owned subsidiary, is our genetics laboratory and is typically recognized as the leading national laboratory for testing of rare and ultra-rare genetic diseases. We also operate as a full service

regional clinical laboratory in the New York metropolitan super-regional area. We currently conduct business in most New York State counties, as well as in most of New Jersey and Maryland as well as some parts of Pennsylvania, Delaware and Connecticut. We primarily offer laboratory services to physician offices in these areas with an infrastructure that includes a comprehensive logistical department, extensive phlebotomy services and phlebotomy draw stations scattered around our geographic area. Our expertise in cancer pathology and diagnostics as well as molecular diagnostics has enabled GenPath to grow as a national provider. Our technology expertise has enabled our Women s Health program to expand from a regional service offering to a national offering with specimens coming from throughout the contiguous 48 states. Together, these services are marketed as a business unit, called GenPath, which services customers outside of routine regional physician office markets. Through the acquisition of the operating assets of GeneDx, we have acquired expertise and credibility in the area of genetic diagnostic testing and we have leveraged that resource in the development of expanded genetic diagnostic testing. We have developed certain specialized markets, such as in the areas of correctional health, substance abuse testing, fertility testing and molecular diagnostics. Testing in these areas also may be supported outside of physician offices.

We have one of the largest regional marketing staffs of any laboratory in the country, With more than 200 sales representatives working for us, we have groups dedicated to the Metropolitan regional market, the Oncology market, the Women s Health market, the Genetic testing market and the Correctional Health market. We are currently building a new marketing group that will cross over into the genetics and women s health groups to market to physicians who offer pre-natal testing.

We believe that our large marketing staff and strong infrastructure within our designated area can be leveraged to bring new technologies to physicians and healthcare providers. Over the past year, our volume of testing in the area of molecular diagnostics has increased. We believe that laboratory data has great value in managing the healthcare of a population, but can only be properly utilized when combined with medical claims and pharmacy data. Our medical information unit, PSIMedica, seeks to combine laboratory data with these other data elements in order to provide actionable analytics that will help to improve the quality and efficiency of healthcare. We seek to continue our strong growth not only through our marketing organization, new technologies and superior service, but by providing value added analytics in conjunction with laboratory results.

Our mission is to be recognized by our clients as the best provider of clinical laboratory testing, information and related services. The principal components of our strategy to achieve our mission are as follows:

Capitalize on our position within the clinical market

Lead in the providing of medical information

Provide the highest quality service

Pursue strategic growth opportunities

Services

The laboratory testing business consists of routine testing and esoteric testing. Routine testing generates approximately 44% and esoteric testing generates approximately 56% of our net revenues. The net revenue generated by our GeneDx and our CareEvolve subsidiaries were 6.3% and 0.6% of total net revenue in fiscal 2010 and 5.7% and 0.7% in fiscal 2009, respectively as a percentage of total net revenue.

Routine Testing

Routine tests measure various health parameters such as the functions of the heart, kidney, liver, thyroid and other organs. Below is an abbreviated list of some commonly ordered tests:

Blood Cell Counts

Cholesterol levels

HIV-related tests

Pap Smears

Pregnancy

Substance Abuse

Urinalysis

We perform these tests at our main processing facility in Elmwood Park, New Jersey.

We operate 24 hours a day, 365 days a year. We perform and report most routine tests within 24 hours. Tests results are delivered via driver or electronically.

Esoteric Tests

We also perform esoteric tests that require sophisticated equipment and materials, highly skilled personnel, professional attention and which are ordered less frequently than routine tests. These tests are generally priced higher than routine tests. Esoteric tests are usually in these medical fields:

Endocrinology (the study of glands and their hormone secretions)

Genetics (the study of chromosomes, genes and their protein products)

Immunology (the study of the immune system)

Microbiology (the study of microscopic forms of life)

Oncology (the study of abnormal cell growth)

Serology (the study of body fluids)

Toxicology (the study of chemicals and drugs and their effects on the body)

We perform cancer cytogenetic testing at our leased facilities in Elmwood Park, NJ and Milford, Massachusetts and genetic testing at our GeneDx leased facility in Gaithersburg, Maryland.

Medical Information

Our PSIMedica business unit is based on a Clinical Knowledge Management (CKM) System that uses data derived from various disparate sources to provide both administrative and clinical analysis of a population. The source data consists of enrollment (demographic) data, claims data, pharmacy data, laboratory results data, and any other data that may be available. The system uses sophisticated algorithms to cleanse and configure the data so that analysis can be comprehensive and meaningful. The data is maintained on multiple levels of analysis enabling review of data from the global level to the granular transactional detail. The system includes a base set of queries that provide basic functionality and allows on-line real-time ad hoc query capability enabling the user to customize analysis to the best needs of the organization using the system. In addition to the basic queries provided by the system, PSIMedica Quality Indicators (PQI) provide comprehensive, disease state oriented queries

that disclose the quality and efficiency of the care and service. These indicators have been designed to provide the customer with standards and outcome predictors based on a medical standards basis. We are using PSIMedica to market value-added clinical laboratory services to bulk purchasers of clinical laboratory solutions, as well as marketing our PSIMedica programs to businesses such as Health Plans, Integrated Delivery Networks, Disease Management Companies, Insurers, Clinical Trial Companies and other healthcare providers that most benefit from the ability of the system to combine both clinical and administrative analysis.

Other Products

CareEvolve, our wholly owned subsidiary, is a physician-based connectivity portal. This system provides a complex, sophisticated system for ordering laboratory services and delivering laboratory results. The system is designed to be physician-centric and to provide a highly flexible, scalable, comprehensive desktop solution for physicians to manage their day-to-day practice and personal needs, as well as to handle their clinical laboratory ordering and reporting. This product has been designed to work as a platform with plug and play capability that can easily be used by other laboratories that also need a web-based solution for their physician customers.

Payors and Clients

We provide laboratory services to a range of healthcare providers. A payor is the party who pays for the tests while the client is the party that refers the tests to us. We may consider an organization that has a contract with us, such as a clinic or governmental agency, both a payor and a client. Some states, such as New York and New Jersey, prohibit us from billing physician clients. During fiscal year 2010, no single client accounted for more than 10% of our net revenues.

The following table reflects the current estimates of the breakdown of net revenue by payor for the twelve months ended October 31, 2008, 2009, and 2010.

	October 31		
	2010	2009	2008
Direct Patient Billing	3%	4%	4%
Commercial Insurance	53%	49%	47%
Professional Billing	20%	22%	23%
Medicare	22%	23%	24%
Medicaid	2%	2%	2%
	100%	100%	100%

Clients

Physicians who order clinical tests for their patients represent one of the primary sources of our testing volume. Fees invoiced to patients and third parties are based on our fee schedule, which may be subject to limitations on fees imposed by third-party payors. Medicare and Medicaid reimbursements are based on fee schedules set by governmental authorities.

Employers, Governmental Agencies

We provide laboratory services to governmental agencies and large employer groups. We believe that we are the largest regional laboratory providing laboratory testing services to correctional facilities in the United States. All of these clients are charged on a contractual basis.

Sales and Marketing

We employ full and part-time sales and marketing representatives. All of our sales and marketing personnel operate in a dual capacity, as both marketing and client support representatives. This ensures that all of our salespersons are intimately involved with the client. We believe that this is unique in the industry and is extremely helpful in client retention, since it provides a strong connection between the physician and our staff.

Client Service Coordinators

We utilize the services of full and part-time client service coordinators at our Elmwood Park, Clarksburg and Gaithersburg facilities, all of whom are trained in medical and laboratory terminology. This staff is used as an interface with physicians and nurses and augments the client support provided by our sales force. They also report highly abnormal and life threatening results to the ordering physician immediately via telephone in order to provide speedy medical resolution to any patient problem.

Logistical Support

We employ full and part-time couriers. They pick up patient specimens from and deliver printed reports to physician offices, nursing homes, clinics and correctional facilities.

Strategic Growth Opportunities

Over the last several years, we have experienced substantial growth and have expanded our operational capabilities. In September 2006, we acquired certain assets and liabilities of two Maryland laboratories, a pathology laboratory and a genetics laboratory for $1,500,000 and $10,000,000, respectively. The genetics laboratory purchase agreement contained certain operational targets, which, if achieved in the four years following the closing, could result in an increase in the purchase price from $10,000,000 to a maximum $17,000,000. During the recently completed fiscal year ended October 31, 2010, as well as for the fiscal years ended October 31, 2009, October 31, 2008 and October 31, 2007, the genetics laboratory achieved these targets, entitling the prior owners to receive $250,000 in cash and an additional 23,096 shares of our Common Stock with respect to the fiscal year ended October 31, 2010, and 23,096 shares of our Common Stock with respect to each of the fiscal years ended October 31, 2009, October 31, 2008 and October 31, 2007, as well as $1,917,000 in cash with respect to the fiscal years ended October 31, 2009, October 31, 2008 and October 31, 2007. These amounts have been accrued and are reflected in our financial statements. We retained the staffs of these laboratories and continue to operate at the same locations. We intend to develop further and expand both our core laboratory business and other products. This growth and expansion has placed, and will continue to place, a significant strain on our resources. We cannot assure that we will be able to successfully manage a continuation of the rate of growth similar to that which we have experienced in the past, should such growth occur.

Billing

Billing for laboratory services is extremely complicated. We must bill various payors, such as patients, Medicare, Medicaid, insurance companies and employer groups, all of which have different billing requirements. Compliance with applicable laws and regulations as well as internal compliance procedures adds complexity to this process.

Our bad debt expense is the result of issues that are not credit-related as is the case in most industries. It is due in most part to missing or incorrect billing information on our requisitions; this occurs because we depend on the healthcare provider to supply us with the information. We perform the tests and report the test results as requested on the requisition regardless of whether the demographic information is correct or even missing altogether. We then attempt to obtain any missing information and correct the billing information received from the healthcare provider. This adds to the complexity, slows the invoicing process, and generally increases the aging of our accounts receivable. When all issues are not resolved in a timely manner, the item is written-off to bad debt expense through the allowance for doubtful accounts. Other items such as pricing differences and payor disputes also complicate billing. Adjustments to receivables as a result of these types of matters are accounted for as revenue adjustments and are not written-off to bad debt expense.

Competition

We compete with three types of providers in a highly fragmented and competitive industry: hospital laboratories, physician-office laboratories and other independent clinical laboratories. Our major competitors in the New York metropolitan area are Quest Diagnostics and Laboratory Corporation of America. Although we are much smaller than these national laboratories, we believe that we compete successfully with them in our region because of the following factors:

Fewer layers of staff

A more responsive business atmosphere

Customized service

We believe our responses to medical consultation are faster and more personalized than those of the national laboratories. Our client service staff only deals with basic technical questions and those that have medical or scientific significance are referred directly to our senior scientists and medical staff.

Quality Assurance

Medical testing is essentially a process of communication and data transfer. In order to provide accurate and precise information to the physician, it is essential that we maintain a well structured and vigorous quality assurance program. Our goal is to continually improve this process. We

hold the required Federal and State licenses necessary to permit our operation of a clinical laboratory at our facilities in New Jersey, New York, Maryland and Massachusetts. We submit to vigorous proficiency tests (or surveys) in all tests that we perform. We are also subject to unannounced inspections from the various state licensing agencies.

Our laboratories are accredited by the College of American Pathologists (CAP). This accreditation includes on-site inspections and participation in the CAP proficiency testing program or an equivalent. CAP is an independent organization of board certified pathologists approved by the Center for Medicare and Medicaid Services (CMS) to inspect clinical laboratories in order to determine compliance with the standards required by the Clinical Laboratory Improvement Amendments of 1988 (CLIA-88).

Our Quality Assurance Committee, headed by a Quality Assurance Coordinator and composed of supervisors from all departments, meets daily to assess and evaluate the laboratory s quality. Based on the information received from the Committee, recommendations are made to correct conditions which have led to errors. Management, department supervisors and members of the Committee continually monitor the laboratory s quality. Depending on the test, two or three levels of Quality Control materials are run in each analytical assay to assure precision and accuracy. Patient population statistics are evaluated each day. Testing of highly abnormal samples is repeated to assure accuracy.

We believe that all of these procedures are necessary, not only in assuring a quality product, but also in maintaining Federal and state licensing. These high standards of quality are an important factor in what we regard as our excellent rate of client retention.

Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact included in this Report, including without limitation, statements regarding our financial position, business strategy, products, products under development, markets, budgets and plans and objectives of management for future operations, are forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations are disclosed in statements set forth under the caption Risk Factors herein and elsewhere in this Report, including, without limitation, in conjunction with the forward-looking statements included in this Report. All subsequent written and oral forward-looking statements attributable to us, or persons on our behalf, are expressly qualified in their entirety by the enumerated Risk Factors and such other statements.

Item 1A. Risk Factors

Because of the following factors, as well as of the factors affecting our operating results and financial condition, financial performance should not be considered to be a reliable indicator of future performance. Investors should not use historical trends to anticipate results in future periods. See also Special Note Regarding Forward Looking Statements .

Regulation of Clinical Laboratory Operations

The clinical laboratory industry is highly regulated and subjected to significant Federal and state regulation. This includes inspections and audits by governmental agencies. These agencies may impose fines, criminal penalties, or other enforcement actions to enforce laws and regulations. These penalties can include revocation of a clinical laboratory s license. Changes in regulations may increase the cost of testing or processing claims.

Waste management is subject to Federal and state regulations governing the transportation and disposal of medical waste including bodily fluids. Federal regulations require licensure of interstate transporters of medical waste. In New Jersey, we are subject to the Comprehensive Medical Waste Management Act, (CMWMA), which requires us to register as a generator of special medical waste. All of our medical waste is disposed of by a licensed interstate hauler. The hauler provides a manifest of the disposition of the waste products as well as a certificate of incineration which is retained by us. These records are audited by the State of New Jersey on a yearly basis. We are also subject to Federal requirements. The Federal Hazardous materials transportation law, 49 U.S.C. 5101 et seq., and the Hazardous Materials Regulations (HMR), 49 CFR parts 171-180. The Federal government has classified hazardous medical waste as hazardous materials for the purpose of regulation. These regulations preempt State regulation which must be substantively the same, the non-Federal requirement must conform in every significant respect to the Federal requirement. Editorial and other similar de minimis changes are permitted. 49 CFR 107.202(d). The amendments to provisions in 49 U.S.C., 5125 reaffirmed the need to achieve greater uniformity and to promote the public health, welfare, and safety at all levels, Federal standards for regulating the transportation of hazardous materials in intrastate, interstate, and foreign commerce are necessary and desirable. We believe we are in compliance with all Federal and State medical waste regulations.

Regulation of Reimbursement for Laboratory Services

Containment of health-care costs, including reimbursement for clinical laboratory services, has been a focus of ongoing governmental activity. Omnibus budget reconciliation legislation, designed to reconcile existing laws with reductions and reimbursements required by enactment of a Congressional budget can adversely affect clinical laboratories by reducing Medicare reimbursement for laboratory services. For most of the tests performed for Medicare beneficiaries or Medicaid recipients, laboratories are required to bill Medicare or Medicaid directly, and to accept Medicare or Medicaid reimbursement as payment in full.

The current administration, Congress and various Federal agencies have examined the rapid growth of Federal expenditures for clinical laboratory services, and the use by the major clinical laboratories of dual fee schedules (client fees charged to physicians, hospitals, institutions and companies with whom a laboratory deals on a bulk basis and which involve relatively low administrative costs, and patient fees charged to individual patients and third party payors, including Medicare, who generally require separate bills or claims for each patient encounter and which involve relatively high administrative costs). The permitted Medicare reimbursement rate for clinical laboratory services has been reduced by the Federal government in a number of instances over the past several years to a present level equal to 74% of the national median of laboratory charges. Calendar year 2008 marked the final year of a five-year freeze on Laboratory fee updates, as required by the Medicare Modernization Act of 2003. A number of proposals for legislation or regulation are under discussion which could have the effect of substantially reducing Medicare reimbursements to clinical laboratories through reduction of the present allowable percentage or through other means. In addition, the structure and nature of Medicare reimbursement for laboratory services is also under discussion and we are unable to predict the outcome of these discussions. Depending upon the nature of congressional and/or regulatory action, if any, which is taken and the content of legislation, if any, which is adopted, we could experience a significant decrease in revenues from Medicare and Medicaid, which could have a material adverse effect on us. For the first time in five years, as of January 1, 2009 laboratories received a 4.5% across the board increase in reimbursements.

CLIA-88

CLIA-88 extended Federal licensing requirements to all clinical laboratories (regardless of the location, size or type of laboratory), including those operated by physicians in their offices, based on the complexity of the tests they perform. The legislation also substantially increased regulation of cytology screening, most notably by requiring the Secretary of Health and Human Services, (HHS) to implement regulations placing a limit on the number of slides that a cytotechnologist may review in a twenty-four hour period. CLIA-88 also established a more

stringent proficiency testing program for laboratories and increased the range and severity of sanctions for violating Federal licensing requirements. A number of these provisions, including those that imposed stricter cytology standards and increased proficiency testing, have been implemented by regulations applicable only to laboratories subject to Medicare certification. On February 28, 1992, HHS published three sets of regulations implementing CLIA-88, including quality standard regulations establishing Federal quality standards for all clinical laboratories; application and user fee regulations applicable to most laboratories in the United States which became effective on March 30 1993; and enforcement procedure regulations applicable to laboratories that are found not to meet CLIA-88 requirements. The quality standard regulations establish varying levels of regulatory scrutiny depending upon the complexity of testing performed. Under these regulations, a laboratory that performs only one or more of seventy eight routine waived tests may apply for a waiver from

most requirements of CLIA-88. We believe that most tests performed by physician office laboratories will fall into either the waived or the moderately complex category. The latter category applies to simple or automated tests and generally permits existing personnel in physicians offices to continue to perform testing under the implementation of systems that insure the integrity and accurate reporting of results, establishment of quality control systems, proficiency testing by approved agencies, and biannual inspection. Our testing is often much more complex and as a result, we are subject to full compliance with CLIA-88. The quality standard and enforcement procedure regulations became effective on September 1, 1992, most personnel, quality control and proficiency testing requirements have been implemented; the remainder will be phased in over a number of years. Our laboratory completed its first CLIA inspection under CLIA-88 guidelines and received its certificate of compliance effective February 7, 1996. It has been reinspected since on a bi-annual basis and found to be in compliance.

Compliance Program

The Office of Inspector General has published a Model Compliance Program for the clinical laboratory industry. This is a voluntary program for laboratories to demonstrate to the Federal government that they are responsible providers. We have implemented a voluntary compliance program adhering to the standards set forth in the Model Compliance Program.

Confidentiality of Health Information

Pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), on December 28, 2000, the Secretary of HHS issued final regulations that would establish comprehensive federal standards with respect to the use and disclosure of protected health information by a health plan, healthcare provider or healthcare data clearinghouse. The regulations establish a regulatory framework on various subject matter, including:

The circumstances under which disclosures and uses of protected health information require the patient s consent, or authorization or no patient consent or authorization.

The content of notices of privacy practices for protected health data.

Patients rights to access, amend and receive an accounting of the disclosures and uses of protected health information.

Administrative, technical and physical safeguards required for that use or for disclosure of protected health data.

These regulations establish a minimum and would default to more stringent state laws. Therefore, we are required to comply with both sets of standards. Laboratories were required to submit a compliance plan to HHS by October 16, 2003. We filed our application for a one year extension for compliance with the Transaction Data Set Regulations and filed our compliance plan during the extension period in accordance with the model form provided by HHS. HIPAA provides for significant fines as well as substantial criminal penalties for violations of the Act.

Laboratory Developed Tests (LDTs)

Complex laboratories such as BioReference frequently develop testing procedures to provide diagnostic results to customers for tests which are not available using Federal Drug Administration (FDA) approved methods. These tests have been traditionally offered by nearly all complex laboratories for the last few decades. The FDA has been considering changes in the way laboratories are allowed to offer these LDTs. While changes have been considered for some time now, the potential for FDA involvement appears greater now than in the past. Currently all such tests are conducted and offered under approval by CLIA and individual state licensing procedures; the FDA is considering requiring FDA approval on a portion of those currently non-FDA approved tests. There is an associated risk for BioReference that some of the tests that it currently offers might need to be subject to approval by the FDA; there are currently no formal definitions, procedures or FDA processes on how such approvals would be handled.

Fraud and Abuse Regulations

Medicare and Medicaid anti-kickback laws prohibit clinical laboratories from making payments or furnishing other benefits to influence the referral of tests billed to federal programs. Federal enforcement agencies (including both the Federal Bureau of Investigation and the Office of the Inspector General) liberally interpret and aggressively enforce statutory fraud and abuse provisions of these anti-kickback statutes. According to public statements made by the Department of Justice, healthcare fraud has become one of its highest priorities. Many of the anti-fraud statutes are vague or indefinite and have not been interpreted in the courts. We believe we operate lawfully within these statutes; however, we cannot predict if some of our practices may be interpreted as violating these statutes and regulations.

Intellectual Property

BioReference, primarily through its wholly-owned subsidiary, GeneDx, but additionally through its primary laboratory in Elmwood Park has in the past, and may in the future, have the need to deal with intellectual property issues, such as patent issues, trademark issues and copyright issues. BioReference diligently researches all matters that may give rise to an intellectual property issue and has taken substantial legal steps to make sure that all such matters are fully considered and understood. In certain instances the issues are not apparent and in some other cases, BioReference believes that the current intellectual property law may not be appropriate to current conditions or may be in a transitional state of change and BioReference may challenge the law in such instances. There is an associated risk with such challenges that could force BioReference to stop or change a testing procedure in certain instances or could possibly result in financial expense as a result of the Company s decision.

Insurance

We maintain professional liability insurance. See note 16 to our consolidated financial statements for additional information on our coverage. We believe that our present insurance coverage is sufficient to cover currently estimated exposures, but we cannot assure that we will not incur liabilities in excess of the policy limits. In addition, although we believe that we will be able to continue to obtain adequate insurance coverage, we cannot assure that we will be able to do so at acceptable cost.

Employees

At October 31, 2010, we had 1,787 full-time and 637 part-time employees serving in executive positions, as technicians and technologists (including physicians, pathologists and PhDs), in marketing and as drivers and in bookkeeping, clerical and administrative positions. None of our employees are represented by a labor union. We regard relations with our employees as satisfactory.

Risks Associated with Growth:

Over the last several years, we have experienced substantial growth and have expanded our operational capabilities. See Note 18 to our consolidated financial statements for information on our acquisitions. This growth and expansion has placed, and will continue to place, a significant strain on our resources. We cannot assure that we will be able to successfully manage a continuation of the rate of growth similar to that which we have experienced in the past, should such growth occur.

Fluctuations in Operating Results:

Our quarterly and annual operating results can be affected by a wide variety of factors, many of which are outside of our control and which have in the past and could in the future materially and adversely affect our operating results. These factors include the quantities and timing of specimens received, pricing pressures, reimbursement changes, availability and cost of diagnostic supplies, cost of logistic and delivery systems, changes in product mix, retention and expansion of our marketing staff, timing of payments from governmental agencies and third-party payors and the effect of adverse weather conditions. We rely principally upon our internal logistic group for pick-up and delivery of specimens. However, as we shift our product mix we have begun to rely on Federal Express, UPS and other such providers for this service. Any disruption in this service, as occurred on September 11, 2001

when the National Airspace System (NAS) was shut down for a week, could have a material adverse effect on our operating results. As a result of these factors, our operating results may continue to fluctuate in the future.

Uncertainties Related to Government Regulation and Enforcement

We are a provider of healthcare services. As such, we are subject to extensive and rapidly changing federal, state and local laws and regulations governing licensure, billing practices, financial relationships, referrals, conduct of operations, purchase of existing businesses and other aspects of our business. We cannot predict the timing or impact of any changes in these laws and regulations or their interpretations by regulatory bodies, and we cannot assure that these changes will not have a material adverse effect on us.

Current federal laws governing federal healthcare programs, as well as some state laws, regulate certain aspects of the relationship between healthcare providers, including us, and their referral sources. The Federal Anti-Kickback Law and the Stark Law generally prohibit providers and others from soliciting, offering, receiving or paying, directly or indirectly, any monies in return for either making a referral for a service or item or purchasing, ordering or leasing a service or item, and prohibits physicians from making such referrals to entities in which they have an investment interest or with which they have a compensation arrangement. Exceptions to these laws are limited. Violations are punishable by disallowance of claims, civil monetary or criminal penalties and/or exclusion from Medicare. Government authorities (both federal and state) have become more aggressive in examining laboratory billing practices, and in seeking repayments and even penalties based on how the services were billed, regardless of whether the carriers had furnished clear guidance.

In addition, our laboratory operations are required to be licensed or certified under CLIA-88, CMS (Medicare) and various State and local laws. We are also subject to federal and state laws relating to the handling and disposal of medical waste and radioactive materials, as well as the safety and health of laboratory employees. Although we seek to structure our practices to comply with these laws and regulations, no assurances can be given regarding compliance in any given situation. The possible sanctions for failure to comply with these laws and regulations may include the denial to conduct business, significant fines and criminal penalties. Any significant fine or criminal penalty could have a material adverse effect on our financial condition. Any exclusion or suspension from participation in a CMS program, any loss of licensure or accreditation or the inability to obtain the required license would have a material adverse effect on our business.

Uncertainties Related to Third-Party Payors

We typically bill third party payors such as Medicare, Medicaid, Governmental programs and private insurers for our services. Such third party payors are constantly negotiating prices with the goal of lowering their costs, which may result in lower profit margins for us. Reimbursement rates have been established for most, but not every service. We cannot collect from third party payors for services that these payors have not approved for reimbursement. As is common with all laboratories, there is a certain amount of variability with respect to reimbursement among third party payors. Furthermore, third party payors have, on occasion ceased reimbursements when certain tests are ordered for patients with certain diagnoses while maintaining reimbursement when those tests are ordered for other diagnoses deemed appropriate by the carrier. In addition, Medicare or Medicaid may retroactively audit its payments to us and may determine that certain payments must be returned.

Potential Healthcare Reform Including Decreasing Reimbursement Rates

The public and the federal government continue to focus attention on reforming the healthcare system in the United States. At the beginning of calendar year 2005, CMS announced significant cuts to Medicare reimbursement rates for flow cytometry testing. We benefited from a partial restoration of the former reimbursement rates in fiscal 2007. Furthermore, several legislative proposals have been introduced in Congress and state legislatures in recent years that would effect major reforms of the healthcare systems. In addition, CMS has made a number of proposals regarding the payment and coverage of laboratory services including the development of national coverage policies. Because of the uncertainties in regard to the nature, timing and extent of any such reimbursement changes, audits and reform initiatives, we are unable to predict the effect of these changes on us.

Uncertainties Related to Accounts Receivable

All of our services are rendered based upon a fee for services list. We assume the financial risk related to collection of these receivables such as:

Delays attendant to reimbursement by third party payors

Difficulties in gathering complete and accurate billing information

Inability to collect accounts

Long collection cycles

There have been times when our accounts receivable have increased at a greater rate than revenue growth and, therefore, have adversely affected our cash flows from operations. We have taken steps to implement systems and processing changes intended to improve billing procedures and related collection results. We believe that we have made progress by reorganizing our accounts receivable and billing functions and that our allowance for doubtful accounts is adequate. However, we cannot assure that our ongoing assessment of accounts receivable will not result in the need for additional provisions. Such additional provisions, if implemented, could have a material adverse effect on our operating results.

Competition

We operate in a business which is characterized by intense competition. Our major competitors in the New York metropolitan area, Quest Diagnostics and Laboratory Corporation of America, are large national laboratories which possess greater name recognition, larger customer bases, significantly greater financial resources and employ substantially more personnel than we do. Many of our competitors have long established relationships. We cannot give assurances that we will be able to compete successfully with such entities in the future. Our ability to attract and retain sales representatives and management may also affect our ability to compete in this marketplace.

Dependence on Bank Financing

Note 5 to our consolidated financial statements describes bank financing.

Dependence on our Chief Executive Officer

Our success is substantially dependent on the efforts and abilities of Marc D. Grodman, M.D., our founder, president and chief executive officer. The unavailability of Dr. Grodman, whether as a result of his death, disability or otherwise, could have a material adverse effect upon our business.

Possible Volatility of Stock Price

There is a history of volatility in the market price for shares of companies in the healthcare marketplace. Factors such as fluctuations in our quarterly revenues and operating results, announcements of new innovations or services by us or our competitors, changes in third party payment policies and government regulations may have a material effect on the market price of our Common Stock. In addition, any announcement of a material pending legal action could have a negative impact on the market price of our Common Stock regardless of the outcome of any such matter.

Factors In Place To Discourage Takeover Attempts

The substantial percentage ownership of our outstanding Common Stock by our executive officers and directors; our charter provision providing for a staggered board of directors so that only one-third of the board is elected each year to serve a three year term; and the requirement that the holders of not less than 80% of our outstanding Common Stock must approve any merger, consolidation, asset sale or acquisition of the Company not approved by the board of directors may discourage attempts by third parties to tender for or otherwise obtain control of the Company, even if such an attempt might be deemed beneficial to the Company and its shareholders. See Item 11 Employment Agreements with Executive Officers as to employment agreements signed by the Company which provide for substantial Severance Payments upon termination of employment in the event of a Change in Control of the Company. These Severance Payment provisions may also discourage attempts by third parties to tender for or otherwise obtain control of the Company.

Item 1B. Unresolved Staff Comments

None.

Item 2. - Properties

We operate through a regional network of laboratories. The table below summarizes certain information as to our principal facilities as of October 31, 2010.

Location	Purpose	Type of Occupance
Clarksburg, MD	Pathology Laboratory	Leased
Elmwood Park, NJ	Main Laboratory	Leased
Elmwood Park, NJ	Corporate Headquarters	Leased
Gaithersburg, MD	Genetics Laboratory	Leased
Milford, MA	Oncology Laboratory	Leased
Poughkeepsie, NY	Pathology Laboratory	Leased
Houston, TX	Pathology Laboratory	Leased

We believe that each of these facilities as presently equipped has the production capacity for its currently foreseeable level of operations. We also lease additional relatively small draw stations throughout the New York metropolitan area to collect specimens from physician-referred patients for testing at our processing facilities.

Item 3. - Legal Proceedings

At October 31, 2010 and at the date of this Report, we were not involved in any material legal proceedings.

Item 4. - REMOVED AND RESERVED

PART II

Item 5. - Market for Registrant s Common Equity, Related Stockholder Matters and Issuer

Purchases of Equity Securities

Our Common Stock is listed for trading on The NASDAQ Global Market System under the symbol BRLI . It traded on the NASDAQ Small Cap System from November 24, 1993 until March 26, 2002 when our application to list our Common Stock on the NASDAQ Global Market System was approved.

The following table sets forth the range of high and low closing bid prices for our Common Stock for the periods indicated, as derived from reports furnished by Pink Sheets LLC. Such quotations represent prices between dealers, do not include mark-ups, mark-downs or commissions and may not necessarily represent actual transactions.

	Bid Prices	
Fiscal Year	**High**	**Low**
2010		
First Quarter	20.44	15.44
Second Quarter	24.00	18.52
Third Quarter	24.66	15.42
Fourth Quarter	23.21	18.02
2009		
First Quarter	13.95	9.18
Second Quarter	13.14	10.14
Third Quarter	16.95	12.06
Fourth Quarter	18.13	14.55

On January 4, 2011 the last sale price for the Common Stock on NASDAQ was $22.57 per share.

At October 31, 2010, the number of record owners of the Common Stock was 302. Such number of record owners was determined from our shareholder records and does not include beneficial owners whose shares are held in nominee accounts with brokers, dealers, banks and clearing agencies.

Dividends

We have not paid any dividends on our Common Stock since our inception and, do not contemplate or anticipate paying any dividends in the foreseeable future. Furthermore, our loan agreement with PNC Bank prohibits us from paying any cash dividends or making any cash distributions with respect to shares of our Common Stock.

Recent Sales of Unregistered Securities

On September 26, 2006 we issued 461,894 shares of our Common Stock in connection with the acquisition of the operating assets of GeneDx. These shares were valued for the purpose of this acquisition at $10.825 per share, the average closing price for the Common Stock on NASDAQ on the ten trading days immediately preceding the August 29, 2006 signing of the purchase agreement. In December 2010, December 2009, December 2008 and December 2007, four installments, each of an additional 23,096 shares of our Common Stock were issued to the prior owners of GeneDx, as a result of GeneDx achieving certain operating results during the four annual measuring periods following the closing of the acquisition.

A restrictive legend was placed on the certificates for the 461,894 shares and each of the share installments and stop transfer instructions were issued against the shares. The sellers represented that they were acquiring the stock for investment and not with a view to distribution. The shares were issued in reliance upon the exemption from the registration requirements of the Securities Act of 1933 in accordance with Section 4(2) of the Act on the basis that the transaction did not involve a public offering.

Equity Compensation Plan Information

The information required under this item is disclosed in item 12 of this Annual Report on Form 10-K and is incorporated herein by reference.

Issuer Purchases of Equity Securities

On July 14, 2008 the Board of Directors authorized a repurchase of up to 2,000,000 shares of the Company s Common Stock over the period ending October 31, 2010. As of October 31, 2010, the Company had repurchased 39,400 shares at a cost of approximately $452,000. The shares were canceled upon repurchase.

Item 6. - Selected Financial Data

	[In Thousands Except Per Share Data] 31-Oct				
	2010	2009	2008	2007	2006
Operating Data:					
Net Revenues	$ 458,024	$ 362,654	$ 301,071	$ 250,431	$ 193,134
Cost of Services	$ 232,252	$ 183,524	$ 153,831	$ 124,029	$ 96,079
Gross Profit	225,772	$ 179,130	$ 147,240	$ 126,402	$ 97,055
General and Administrative Expenses	$ 177,394	$ 140,808	$ 118,683	$ 101,345	$ 79,074
Income From Operations	$ 48,378	$ 38,322	$ 28,557	$ 25,057	$ 17,981
Other Expenses [Income] - Net	$ 1,415	$ (267)	$ 1,866	$ 2,150	$ 1,239
Provision for Income Tax Expense	$ 20,582	$ 16,739	$ 11,074	$ 8,950	$ 5,451
Net Income	$ 26,381	$ 21,850	$ 15,617	$ 13,957	$ 11,291
Net Income Per Share	$ 0.95	$ 0.79	$ 0.57	$ 0.51	$ 0.43
Net Income Per Share - Diluted	$ 0.94	$ 0.78	$ 0.56	$ 0.51	$ 0.43
Balance Sheet Data:					
Total Assets	$ 244,131	$ 197,390	$ 171,311	$ 154,574	$ 120,473
Total Long-Term Liabilities	$ 8,405	$ 8,378	$ 8,781	$ 9,557	$ 7,112
Total Liabilities	$ 91,743	$ 72,867	$ 69,771	$ 69,307	$ 51,694
Working Capital	$ 89,459	$ 75,984	$ 58,561	$ 48,747	$ 39,994
Shareholder s Equity	$ 152,388	$ 124,523	$ 101,540	$ 85,267	$ 68,779
Other Data:					
Net Cash - Operating Activities	$ 14,305	$ 24,366	$ 18,876	$ 5,897	$ 5,200
Net Cash - Investing Activities	$ (18,411)	$ (10,807)	$ (9,901)	$ (7,774)	$ (4,676)
Net Cash - Financing Activities	$ (5,790)	$ (9,260)	$ (8,176)	$ 4,820	$ 4,127

Item 7. - Management s Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

We are a national clinical diagnostic laboratory located in northeastern New Jersey. We are a national laboratory in certain focused areas of laboratory testing and a full service laboratory in the New York super-region. We have developed a national reputation for our expertise in certain focused areas of clinical testing. GenPath, the name by which we are known for our cancer and oncology services, is recognized for the superior hematopathology services it provides throughout the country. Our Women s Health initiative, through which we provide dedicated services for obstetrics and gynecology practices, including a unique, technically advanced multiplex process for identifying sexually transmitted infections, is also offered as GenPath. Our regional footprint lays within the New York City metropolitan area and the surrounding areas of New Jersey and southern New York State as well eastern Pennsylvania and some areas of western Connecticut; we also provide services further into New York State, Pennsylvania, Delaware and Maryland. As a regional provider, we are a full-service laboratory that primarily services physician office practices; our drivers pick up samples and deliver reports and supplies, we provide sophisticated technical support, phlebotomy services or patient service centers where appropriate, and electronic communication services in many cases. Physicians outside of our regional footprint send samples to our laboratory in order to take advantage of the expertise that we are able to provide in blood-based cancer pathology and associated diagnostics or to take advantage of the superior service, support and technologically advanced testing we offer in our Women s Health initiative. Our correctional healthcare services are used throughout the country at prisons and jails. The focused markets we serve on a national basis outside of our regional footprint do not require many of the logistical and other ancillary support services required within the region. Even within our regional footprint, we provide the same services that we provide on a national basis as well as some regional focused diagnostic services, such as histology and pathology support services, substance abuse testing, fertility testing, hemostasis testing, women s health testing, and molecular diagnostics that are unavailable from many of the smaller regional competitors; testing in some of these areas may be provided outside of physician offices.

Over the last few years, there have been fundamental changes in the laboratory services industry. In the 1990s, the industry was negatively impacted by the growth of managed care, increased government regulation, and investigations into fraud and abuse. These factors led to revenue and profit declines and industry consolidations, especially among commercial laboratories. There are currently only three US publicly traded full service laboratories operating in the U.S. While that means that the two national mega-laboratories and BioReference Laboratories are the only remaining publicly traded full service commercial laboratories, there are numerous hospital outreach programs and smaller reference laboratories that compete for the commercial clinical laboratory business scattered throughout the country. Clinical laboratories have had to improve efficiency, leverage economies of scale, comply with government regulations and other laws and develop more profitable approaches to pricing. Moreover, there has been a proliferation of technology advancements in clinical diagnostics over the last decade that has created significant opportunities for new testing and growth.

As a full service clinical laboratory, we are constantly looking for new technologies and new methodologies that will help us to grow. Since the turn of the century, our size alone has made us attractive to companies that are driving the advances in technology. We represent a significant opportunity for these companies to market their products with a nationally recognized specialty provider in our focused areas of specialty or in one of the major population centers of the world the New York Metropolitan area. We have had several successful strategic relationships with such technology opportunities. In addition to new technology opportunities, we have an extremely seasoned and talented management staff that has been able to identify emerging laboratory markets that are under-served or under-utilized. We have recently developed programs for cardiology, histology and women s health to go

along with our existing hemostasis, hematopathology and correctional healthcare initiatives which have already been established and in which we have been increasing our market share for the past several years. We are currently preparing to launch a comprehensive pre-natal program to leverage our presence in the women s health environment and we will continue to vigilantly seek focused diagnostic marketing opportunities where we can provide information, technology, service or support that expand and grow our clinical laboratory.

During the fourth quarter of fiscal 2006, the Company acquired the operating assets of GeneDx, a leading DNA sequencing laboratory. As molecular testing in general becomes a more significant element in the diagnostic testing industry, the Company believes that genetic testing will become an essential diagnostic tool of the future. GeneDx was started by two geneticists from the National Institute of Health (NIH) in 2000. Over the next six years, based on the reputation and expertise of the founders and the outstanding team they built around themselves, along with a very focused and dedicated understanding of the science of genetics, GeneDx became known as one of the premier genetic testing laboratories for the diagnosis of rare genetic diseases. The Company believed that the promise of genetic testing is in the diagnosis of the genetic variants of common diseases. It has been the Company s intention to leverage the expertise and reputation of GeneDx in order to take a leadership role in the expanding area of genetic testing. The Company is seeking cutting edge methods of testing that will be commercially viable diagnostic tools for the advancement of genetic testing. In 2007, GeneDx introduced GenomeDx, a then new test based on CGH Array technology, a high-speed, chip-based technology that has allowed GeneDx to move to the forefront of an emerging technology platform. In 2008, GeneDx became the first commercial laboratory in the world to offer next generation (NextGen) sequencing (high-speed computer-based whole genome sequencing) and has since built up a comprehensive suite of cardiac arrhythmia panels, as well as other multi-gene testing panels, that have enhanced its reputation as a technology and service leader in the area of genetic testing. The Company is already expanding the menu of tests offered and employing marketing techniques that were extremely successful in building GenPath, our oncology laboratory. In addition to scientists and technicians to manage testing, GeneDx employs many genetic counselors and geneticists to help patients and referring physicians and geneticists understand the meaning of the test results. Prior to the acquisition, GeneDx s revenues and profits were increasing at an accelerating rate. This increase has continued through fiscal 2010.

While we recognize that we are a clinical laboratory that processes samples, we also understand that we are an information company that needs to effectively communicate the results of our efforts back to healthcare providers. Laboratory results play a major role in the implementation of physician healthcare. Laboratory results are used to diagnose, monitor and classify health concerns. In many cases, laboratory results represent the confirming data in diagnosing complicated health issues. Since laboratory results play such an important role in routine physician care, we have developed informatics solutions that leverage our role in healthcare. We needed to build a web-based solution to quickly, accurately, conveniently and competitively collect ordering information and deliver results, so we built an internal solution that we call CareEvolve. That solution has been essential to our own operations. We license the technology to other laboratories throughout the country that they utilize to more effectively compete against the national laboratories. These other laboratories licensing our technology are typically not our competitors since they are outside our regional footprint.

We have also created our PSIMedica business unit that has developed a Clinical Knowledge Management (CKM) System that takes data from enrollment, claims, pharmacy, laboratory results and any other available electronic source to provide both administrative and clinical analysis of a population. The system uses proprietary algorithms to cleanse and configure the data and transfer the resulting information into a healthcare data repository. Using advanced cube technology methodologies, the data can be analyzed from a myriad of views and from highly granular transactional detail to global trended overview. Events such as the Katrina disaster in Louisiana and general pressures from the government have made development of an electronic medical record system and Pay-for Performance reimbursement priority goals in the healthcare industry. A large portion of an individual s medical record consists of laboratory data and a key performance indicator in any Pay-for-Performance initiative is laboratory result data. Our CKM system is a mature, full functioning solution that will allow us to play a role in these important national initiatives.

To date, neither our PSIMedica business unit nor CareEvolve has produced significant revenues.

Summary

During the quarter ended January 31, 2009, the Company executed a Restitution Agreement with John Littleton, a former Vice President in sales. Mr. Littleton paid the Company $1,600,000 for payments made to him and others that were from our perspective, improperly paid. These payments were paid for a) recruiting fees for new hires paid to parties with an undisclosed relationship to him and b) reimbursement to him or others of improperly or insufficiently documented expenses; both of which are in violation of the Company s policies (See Other Income in table below). As such, in certain areas within the Management s Discussion and Analysis we will present an analysis of our operating results including the restitution amount and pro-forma operating results excluding the restitution amount (it will be labeled as such).

(Figures in Thousands except Per Share Data)

	Fiscal Year Ended October 31,		
	2010	**2009 Pro Forma**	**2009**
Net Revenues	$ 458,024	$ 362,654	$ 362,654
Cost of Services	232,252	183,524	183,524
Gross Profit on Revenues	225,772	179,130	179,130
General and Administrative Expenses	177,394	140,808	140,808
Operating Income	48,378	38,322	38,322
Other (Income) Expense, Net	1,415	1,333	(267)
Income Before Taxes	46,963	36,989	38,589
Taxes	20,582	16,045	16,739
Net Income	$ 26,381	20,944	21,850
Income Per Share (Basic)	$ 0.95	$ 0.76	$ 0.79
Number of Shares (Basic)	27,786	27,620	27,628
Income Per Share (Diluted)	$ 0.94	$ 0.75	$ 0.78
Number of Shares (Diluted)	28,038	27,864	27,872

Results of Operations (In thousands, except per patient data)

Fiscal Year 2010 Compared to 2009

NET REVENUES:

Net Revenues for the year ended October 31, 2010 were $458,024 as compared to $362,654 for the year ended October 31, 2009; this represents a 26% increase in net revenues. This increase is due to a 21% increase in patients serviced and a 5% increase in net revenue per patient. Our laboratory operations had net revenues of $359,625 in fiscal 2009 and $454,308 in fiscal 2010.

The number of patients serviced during the year ended October 31, 2010 was 5,607, which was 21% greater when compared to the prior fiscal year. Net revenue per patient for the year ended October 31, 2010 was $81.03 compared to net revenue per patient for the year ended October 31, 2009 of $77.38, an increase of $3.65 or 5% as a result of increases in esoteric testing.

COST OF SERVICES:

Cost of Services for the year ended October 31, 2010 was $232, 252 as compared to $183,524 for the year ended October 31, 2009, an increase of 27% as compared to a 26% increase in net revenues. Therefore, this increase is basically in line with the increase in net revenues.

GROSS PROFIT:

Gross profit on net revenues increased to $225,772 for the year ended October 31, 2010 from $179,130 for the year ended October 31, 2009; an increase of $46,642 (26%), primarily attributable to the increase in net revenues. Gross profit margins remained constant year over year at 49%

GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the year ended October 31, 2010 were $177,394 as compared to $140,808 for the year ended October 31, 2009, an increase of $36,586 or 26%. This is basically in line with the increase in net revenues.

INTEREST EXPENSE:

Interest expense increased from $1,512 during the year ended October 31, 2009 to $1,566 during the year ended October 31, 2010; an increase of $54. This increase is due to an increase in utilization of the PNC Bank line of credit, acquisition debt and capital leases. Management believes that this trend will continue in the near term due to the increase in utilization rates.

NET INCOME:

We realized net income of $26,381 for the twelve month period ended October 31, 2009 as compared to $21,850 for the twelve month period ended October 31, 2009, an increase of 21%.

Pre-tax income for the period ended October 31, 2010 was $46,963, as compared to $38,589 for the period ended October 31, 2009, an increase of $8,374(22%) and was caused primarily by an increase in net revenues. The provision for income taxes increased from $16,739 for the period ended October 31, 2009, to $20,582 for the current twelve month period.

The most profound change would have been that our fully-diluted earnings per share (EPS) went from $0.75 in fiscal 2009 under the pro forma basis (without taking into account the restitution agreement) to $0.94 in fiscal 2010 under the current operating results, a difference of $.19 per share, which is more reflective of our true operating results.

Results of Operations (In thousands, except per patient data)

Fiscal Year 2009 Compared to 2008

NET REVENUES:

Net Revenues for the year ended October 31, 2009 were $362,654 as compared to $301,071 for the year ended October 31, 2008; this represents a 20% increase in net revenues. This increase is due to a 14% increase in patients serviced and a 6% increase in net revenue per patient. Our laboratory operations had net revenues of $359,625 in fiscal 2009.

The number of patients serviced during the year ended October 31, 2009 was 4,648, which was 14% greater when compared to the prior fiscal year. Net revenue per patient for the year ended October 31, 2009 was $77.38 compared to net revenue per patient for the year ended October 31, 2008 of $73.09, an increase of $4.29 or 6% as a result of increases in esoteric testing.

COST OF SERVICES:

Cost of Services for the year ended October 31, 2009 was $183,524 as compared to $153,831 for the year ended October 31, 2008, an increase of 19% as compared to a 20% increase in net revenues. Therefore, this increase is in line with the increase in net revenues.

GROSS PROFIT:

Gross profit on net revenues increased to $179,130 for the year ended October 31, 2009 from $147,240 for the year ended October 31, 2008; an increase of $31,890 (22%), primarily attributable to the increase in net revenues. Gross profit margins remained constant year over year at 49%

GENERAL AND ADMINISTRATIVE EXPENSES:

General and administrative expenses for the year ended October 31, 2009 were $140,808 as compared to $118,683 for the year ended October 31, 2008, an increase of $22,125 or 19%. This increase is 1% less than the increase in net revenues and includes moderate increases to our marketing and sales expenses.

INTEREST EXPENSE:

Interest expense decreased from $2,135 during the year ended October 31, 2008 to $1,512 during the year ended October 31, 2009; a decrease of $623. This decrease is due to a decrease in utilization and in the interest rates on the PNC Bank line of credit, acquisition debt and capital leases. Management believes that this trend will continue in the near term due to the decrease in interest rates.

NET INCOME:

We realized net income of $21,850 for the twelve month period ended October 31, 2009 as compared to $15,617 for the twelve month period ended October 31, 2008, an increase of 40%.

Pre-tax income for the period ended October 31, 2009 was $38,589, as compared to $26,691 for the period ended October 31, 2008, an increase of $11,898 (45%) and was caused primarily by an increase in net revenues. The provision for income taxes increased from $11,074 for the period ended October 31, 2008, to $16,739 for the current twelve month period.

The most profound change on a pro-forma basis would have been that our fully-diluted earnings per share (EPS) went from $0.79 under then current operating results to $0.75 on a pro-forma basis, a difference of $.04 per share, which is more reflective of our true operating results.

Results of Operations (In thousands, except per patient data)

Liquidity and Capital Resources (Dollars in thousands)

For the Fiscal Year Ended October 31, 2010:

Our working capital at October 31, 2009 was approximately $89,459 as compared to approximately $75,984 at October 31, 2009, an increase of $13,475. Our cash position increased by approximately $784 during the current period. We increased our short term borrowing by approximately $13,702 and repaid approximately $1,191 in existing debt. We had current liabilities of approximately $83,106 at October 31, 2010. We generated approximately $13,405 in cash from operations, a decrease of approximately $10,961 as compared to the year ended October 31, 2009. This decrease is basically in line with an increase in our Accounts Receivable associated with an increase in revenues.

Accounts receivable, net of allowance for doubtful accounts, totaled approximately $129,122 at October 31, 2010, an increase of approximately $24,127 from October 31, 2009, or 23%. This increase was primarily attributable to increased revenue. Cash collected over the twelve month period ended October 31, 2010 increased 23% over the prior twelve month period.

Net service revenues on the statements of operations are as follows:

	Years Ended October 31		
	2010	**2009**	**2008**
Gross Revenues	$ 1,902,573	$ 1,423,287	$ 1,039,030

Contractual Adjustments and Discounts	1,444,549	1,060,633	737,959
Net Revenues	$ 458,024	$ 362,654	$ 301,071
Percent of Contractual Adjustments and Discounts To Gross Revenues	75.9%	74.5%	71.0%

The table above illustrates the relationship between contractual adjustments and gross revenues for the fiscal years 2010, 2009, and 2008. Between 2009 and 2010, contractual adjustments increased approximately 140 basis points.

Credit risk with respect to accounts receivable is generally diversified due to the large number of patients comprising our client base. We have significant receivable balances with government payors and various insurance carriers. Generally, we do not require collateral or other security to support customer receivables. However, we continually monitor and evaluate our client acceptance and collection procedures to minimize potential credit risks associated with our accounts receivable and to establish an allowance for uncollectible accounts. As a consequence, we believe that our accounts receivable credit risk exposure beyond such allowance is not material to the financial statements.

A number of proposals for legislation continue to be under discussion which could substantially reduce Medicare and Medicaid reimbursements to clinical laboratories. Depending upon the nature of regulatory action, and the content of legislation, we could experience a significant decrease in revenues from Medicare and Medicaid, which could have a material adverse effect on us. We are unable to predict, however, the extent to which such actions will be taken.

LABORATORY GROSS RECEIVABLES BY PAYOR GROUP

	FY 2010									
	30 DAYS	%	60 DAYS	%	90 DAYS	%	>90 DAYS	%	TOTAL	%
Self Pay	$ 5,836	16%	$ 6,775	18%	$ 6,093	16%	$ 18,484	50%	$ 37,188	100%
Medicare	25,106	48%	9,504	18%	4,072	8%	13,385	26%	52,067	100%
Medicaid	5,025	27%	4,082	22%	3,155	17%	6,259	34%	18,521	100%
Pro Bill	13,683	56%	4,100	17%	548	2%	5,903	24%	24,234	100%
Comm. Ins	106,455	49%	33,057	15%	21,304	10%	56,757	26%	217,573	100%
Total	$ 156,105	45%	$ 57,518	16%	$ 35,172	10%	$ 100,788	29%	$ 349,583	100%

	FY 2009									
	30 DAYS	%	60 DAYS	%	90 DAYS	%	>90 DAYS	%	TOTAL	%
Self Pay	$ 5,885	20%	$ 5,257	18%	$ 4,435	15%	$ 14,271	48%	$ 29,848	100%
Medicare	21,333	63%	5,992	18%	1,317	4%	4,994	15%	33,636	100%
Medicaid	5,098	24%	3,894	18%	3,964	19%	8,189	39%	21,145	100%
Pro Bill	12,125	56%	3,980	18%	1,665	8%	3,972	18%	21,742	100%
Comm. Ins	70,321	45%	26,787	17%	15,064	10%	42,513	27%	154,685	100%
Total	$ 114,762	44%	$ 45,910	18%	$ 26,445	10%	$ 73,939	28%	$ 261,056	100%

Billing for laboratory services is complicated and we must bill various payors, such as the individual, the insurance company, the government (federal or state), the private company or the health clinic. Other factors that may complicate billing include:

Differences between fee schedules and reimbursement rates.

Incomplete or inaccurate billing information as provided by the physician.

Disparity in coverage and information requirements.

Disputes with payors.

Internal and external compliance policies and procedures.

Significant costs are incurred as a result of our participation in government programs since billing and reimbursement for laboratory tests are subject to complex regulations. We perform the requested tests and report the results whether the information is correct or not or even missing. This adds to the complexity and slows the collection process and increases the aging of our accounts receivable (A/R). When patient invoices are not collected in a timely manner the item is written off to the allowance.

Days Sales Outstanding (DSO) for fiscal years 2009 and 2010 were 95 and 94, respectively, a decrease of approximately 1%. These changes are due to constant vigilance on the part of management and internal changes to collection practices. However, when you compare our DSO lag to our collectible net revenues as reported on our financial statements for the periods in question, it varies between 98% to 102%, depending on the period.

Overall, the components of A/R as shown above for the two most recently completed fiscal years under review have not varied much year over year. The percent of A/R over 90 days has increased to 29% as of October 31, 2010 as compared to 28% as of October 31, 2009.

See Note 5 to our consolidated financial statements for information regarding outstanding loans.

See Note 18 to our consolidated financial statements describing our merger and acquisition activities.

The weighted average interest rate on short-term borrowings outstanding as of October 31, 2010 and 2009 was approximately 3.25%.

We intend to expand our laboratory operations through aggressive marketing while also attempting to diversify into related medical fields through acquisitions. These acquisitions may involve cash, notes, Common Stock, and/or combinations thereof.

Tabular Disclosure of Contractual Obligations

Payments Due By Period

(Dollars in thousands)

	Total	FY 2011	FY2012	FY 2013	FY 2014	FY 2015 and thereafter
Long-Term Debt	$ 4,536	$ 1,217	$ 1,243	$ 437	$ 466	$ 676
Capital Leases	$ 7,487	$ 2,812	$ 2,144	$ 1,410	$ 880	$ 241
Operating Leases	$ 11,786	$ 4,698	$ 2,361	$ 1,671	$ 1,538	$ 1,518
Purchase Obligations	$ 73,637	$ 17,322	$ 16,188	$ 15,447	$ 13,797	$ 10,883
Long-Term Liabilities under Employment and Consultant Contracts	$ 14,842	$ 4,068	$ 3,037	$ 2,942	$ 2,332	$ 2,463
Total	$ 104,289	$ 28,163	$ 23,576	$ 20,623	$ 17,781	$ 13,649

Our cash balances at October 31, 2010 totaled approximately $17,779 as compared to approximately $16,995 at October 31, 2009. We believe that our cash position, the anticipated cash generated from future operations, and the availability of our credit line with PNC Bank, will meet our anticipated cash needs in fiscal 2011.

We do not have any off-balance sheet items.

Impact of Inflation

To date, inflation has not had a material effect on our operations.

New Authoritative Pronouncements

See Note 22 to our consolidated financial statement that discusses new authoritative pronouncements.

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported periods.

Accounting for Goodwill

We evaluate the recoverability and measure the possible impairment of goodwill under FASB Codification 350-20 Goodwill . The impairment test is a two-step process that begins with the estimation of the fair value of the reporting unit. The first step screens for potential impairment and the second step measures the amount of the impairment, if any. Management s estimate of fair value considers publicly available information regarding our market capitalization as well as (i) publicly available information regarding comparable publicly-traded companies in the clinical laboratory testing industry, (ii) the financial projections and future prospects of our business, including its growth opportunities and likely operational improvements, and (iii) comparable sales prices, if available. As part of the first step to assess potential impairment, management compares the estimate of fair value to book value on a consolidated net assets basis. If the book value of the consolidated net assets is greater than the estimate of fair value, we then proceed to the second step to measure the impairment, if any. The second step compares the implied fair value of goodwill with its carrying value

The implied fair value is determined by allocating the fair value of the reporting unit to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit. The excess of the fair value of the reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill. If the carrying amount of the goodwill is greater than its implied fair value, an impairment loss will be recognized in that period.

Accounting for Intangible and Other Long-Lived Assets

We evaluate the possible impairment of our long-lived assets, including intangible assets. We review the recoverability of our long-lived assets when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. Evaluation of possible impairment is based on our ability to recover the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If the expected undiscounted pretax cash flows are less than the carrying amount of such asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying amount of the asset.

Accounting for Revenue

Service revenues are principally generated from laboratory testing services including chemical diagnostic tests such as blood analysis, urine analysis and genetic testing among others. Net service revenues are recognized at the time the testing services are performed and are reported at their estimated net realizable amounts. These estimated net realizable amounts from patients, third party payors and others for services rendered, are accrued on an estimated basis in the period the related services are rendered and adjusted in subsequent periods based upon an analysis of the Company s collection experience from each category of payor group as well as prospectively determined contractual adjustments and discounts with third party payors. Differences between these adjustments and any subsequent revisions are included in the statement of operations in which the revisions are made and are disclosed, if material. Applying this methodology and aggregating its collection experience from all payor groups, the Company has not been required to record an adjustment related to revenue recorded in prior periods that was material in nature.

Accounting for Contractual Credits and Doubtful Accounts

An allowance for contractual credits and discounts is estimated by payor group and determined based upon a review of the reimbursement policies and subsequent collections from the different types of payors. The Company has not been required to record an adjustment in a

subsequent period related to revenue recorded in a prior period that was material in nature.

Accounting for Employment Benefit Plan

See Note 21 to our consolidated financial statements for a discussion on Employment Benefit Plans.

Forward Looking Statements

This Annual Report on Form 10-K contains historical information as well as forward-looking statements. Statements looking forward in time are included in this Annual Report pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks and uncertainties that may cause our actual results in future periods to be materially different from any future performance suggested herein.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. While many aspects of our business are subject to complex federal, state and local regulations, the accounting for our business is generally straightforward. Our revenues are primarily comprised of a high volume of relatively low dollar transactions, and about 42% of all our costs consist of employee compensation and benefits. Revenues are recognized at the time the services are performed and are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered including prospectively determined adjustments under reimbursement agreements with third-party payors. These adjustments are accrued on an estimated basis in the period the services are rendered and adjusted in future periods as final settlements are determined. These estimates are reviewed and adjusted, if warranted, by senior management on a monthly basis. We believe that our estimates and assumptions are correct; however, several factors could cause actual results to differ materially from those currently anticipated due to a number of factors in addition to those discussed under Risk Factors as well as elsewhere herein including:

our failure to integrate newly acquired businesses (if any) and the costs related to such integration.

our failure to obtain and retain new customers and alliance partners, or a reduction in tests ordered or specimens submitted by existing customers.

adverse results from investigations of clinical laboratories by the government, which may include significant monetary damages and/or exclusion from the Medicare and Medicaid programs.

loss or suspension of a license or imposition of a fine or penalties under, or future changes in, the law or regulations of CLIA-88, or those of Medicare, Medicaid or other federal, state or local agencies.

changes in federal, state, local and third party payor regulations or policies (or in the interpretation of current regulations) affecting governmental and third-party reimbursement for clinical laboratory testing (such as the decrease in Medicare reimbursement for Flow Cytometry testing at the beginning of calendar year 2005 described above under Risk Factors).

failure to comply with the Federal Occupational Safety and Health Administration requirements and the recently passed Needlestick Safety and Prevention Act.

failure to comply with HIPAA, which could result in significant fines as well as substantial criminal penalties.

changes in payor mix.

failure to maintain our days sales outstanding levels.

increased competition, including price competition.

our ability to attract and retain experienced and qualified personnel.

adverse litigation results.

liabilities that result from our inability to comply with new corporate governance requirements.

failure to comply with the Sarbanes-Oxley Act of 2002.

Item 7A. - Quantitative and Qualitative Disclosures about Market Risk

We do not invest in or trade market risk sensitive instruments. We also do not have any material foreign operations or foreign sales so that our exposure to foreign currency exchange rate risk is practically non-existent.

We do have exposure to both rising and falling interest rates. At October 31, 2010, advances of approximately $26,154,194 under our Loan Agreement with PNC Bank were subject to interest charges at the Bank s then prime rate of 3.25 %.

We estimate that our monthly cash interest expense at October 31, 2010 was approximately $130,500 and that a one percentage point increase or decrease in short-term rates would increase or decrease our monthly interest expense by approximately $22,000.

See Note 5 to the Consolidated Financial Statements contained herein for information on the Company s loans.

Item 8. - Financial Statements and Supplementary Data

Financial Statements are annexed hereto

Item 9. - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. - Controls and Procedures

An evaluation was carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and principal financial officer concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission s rules and forms.

Management s Report on Internal Control over Financial Reporting

The management of Bio-Reference Laboratories, Inc. (the Company), including its Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes policies and procedures that:

pertain to the maintenance of records that, in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and

provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the consolidated financial statements.

Management assessed the effectiveness of the Company s internal control over financial reporting as of October 31, 2010. Management based this assessment on criteria for effective internal control over financial reporting described in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management s assessment included an evaluation of the design of the Company s internal control over financial reporting and testing of the operating effectiveness of its internal control over financial reporting.

Based on this assessment, management has determined that the Company s internal control over financial reporting as of October 31, 2010 is effective. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. MSPC, Certified Public Accountants and Advisors, a Professional Corporation, an independent registered public accounting firm, has audited our internal control over financial reporting and, based on their audit, has expressed an unqualified opinion on the effectiveness of internal control over financial reporting as of October 31, 2010.

Item 9B. - Other Information

None.

PART III

Item 10.- Directors, Executive Officers and Corporate Governance

The following table sets forth certain information with respect to each of the directors and executive officers of the Company.

Name	Age	Position
Marc D. Grodman, M.D.	59	Chairman of the Board, President, Chief Executive Officer and Director
Howard Dubinett	59	Executive Vice President, Chief Operating Officer and Director
Sam Singer	67	Vice President, Chief Financial Officer, Chief Accounting Officer and Director
Joseph Benincasa(a)(c)(e)	61	Director
Harry Elias(a)(c)(e)	80	Director
Gary Lederman, Esq. (b)(c)(e)	76	Director
John Roglieri, M.D. (a)(d)(e)	71	Director

(a) Member of the Audit Committee

(b) Chairman of the Audit Committee

(c) Member of the Compensation Committee

(d) Chairman of the Compensation Committee

(e) Member of Nominating Committee

The Audit Committee is comprised of the four non-employee members of the Board of Directors, Gary Lederman (Chairman), Joseph Benincasa, John Roglieri and Harry Elias. The Board of Directors deems each such individual as independent as defined by the rules of the National Association of Securities Dealers. The Audit Committee met four times during fiscal year 2010. The Audit Committee confers with the Company s auditors and reviews, evaluates and advises the Board of Directors concerning the adequacy of the Company s accounting systems, its financial reporting practices, the maintenance of its books and records and its internal controls. In addition, the Audit Committee reviews the scope of the audit of the Company s financial statements and the results thereof. The Board of Directors has determined that Gary Lederman is qualified to serve as the Company s audit committee financial expert as defined in Regulation S-K promulgated by the Securities and Exchange Commission.

The Compensation Committee is comprised of four non-employee members of the Board of Directors, John Roglieri (Chairman), Joseph Benincasa, Harry Elias and Gary Lederman. The Compensation Committee met once during fiscal year 2010. The Compensation Committee

reviews salaries, cash bonuses and compensation plans for the Company s executive officers and eligible employees and makes recommendations concerning same to the Board of Directors.

The Company does not have an Executive Committee. Officers are elected by and hold office at the discretion of the Board of Directors.

The Nominating Committee is comprised of the four non-employee members of the Board of Directors, Harry Elias, Joseph Benincasa, Gary Lederman and John Roglieri. Pursuant to its charter, the Nominating Committee s role is to establish criteria for the selection of directors; to identify individuals qualified to be directors; to evaluate director candidates proposed by stockholders; to recommend individuals to fill vacancies on the Board and to recommend nominees for director at each annual stockholder meeting. The Nominating Committee may consider nominees for director of the Company submitted in writing c/o the Committee at the Company s executive offices, whether by executive officer of the Company; current directors of the Company, search firms (if any) engaged by the Committee, and, in the circumstances provided below, shall consider nominees for director proposed by a stockholder. Information with respect to the proposed nominee must be provided in writing by the stockholder addressed to the Committee at the Company s executive offices, and received not less than 90 nor more than 120 days prior to the anniversary date of the prior year s annual meeting, provided that if the current year s annual meeting is not scheduled to be held within 30 days of the anniversary date of the prior year s annual meeting, notice from a stockholder shall be considered timely if it is received not later than the tenth day following the date on which the notice of the annual meeting was mailed or the date on which public disclosure of the date of the annual meeting was made, whichever occurs first. The information shall include the name of the nominee, and such information with respect to the nominee as would be required under the rules and regulations of the Securities and Exchange Commission to be included in the Company s Proxy Statement if the proposed nominee were to be included therein. In addition, the stockholder s notice shall also include the class and number of shares the stockholder owns, a description of all arrangements and understandings between the stockholder and the proposed nominee, a representation that the stockholder intends to appear in person or by proxy at the meeting to nominate the person named in its notice, a representation as to whether the stockholder intends to deliver a proxy statement to or solicit proxies from shareholders of the Company and information with respect to the stockholder as would be required under the rules and regulations of the Securities and Exchange Commission to be included in the Company s Proxy Statement.

The Nominating Committee generally identifies potential candidates for director by seeking referrals from the Company s management, members of the Board of Directors and their various business contacts. Candidates are evaluated based upon factors such as independence, knowledge, judgment, integrity, character, leadership, skills, education, experience, financial literacy, standing in the community and ability to foster a diversity of backgrounds and views and to complement the Board s existing strengths. There are no differences in the manner in which the Committee will evaluate nominees for director based on whether the nominee is recommended by a stockholder.

Code of Ethics

The Company has adopted a Code of Ethics that applies to its executive officers and to key financial and accounting personnel. The Company will, upon a stockholder s written request to Investor Relations, c/o the Company, furnish a paper copy of the Code of Ethics.

The following is a brief account of the business experience of each director and executive officer of the Company.

Marc D. Grodman, M.D. founded the Company in December 1981 and has been its Chairman of the Board, President, Chief Executive Officer and a Director since its formation. Dr. Grodman is an Assistant Professor of Clinical Medicine at Columbia University s College of Physicians and Surgeons and Assistant Attending Physician at Presbyterian Hospital, New York City. From 1980 to 1983, Dr. Grodman attended the Kennedy School of Government at Harvard University and was a Primary Care Clinical Fellow at Massachusetts General Hospital. From 1982 to 1984, he was a medical consultant to the Metal Trades Department of the AFL-CIO. Dr. Grodman received a B.A. degree from the University of Pennsylvania in 1973 and an M.D. degree from Columbia University s College of Physicians and Surgeons in 1977. Except for his part time duties as Assistant Professor of Clinical Medicine and Assistant Attending Physician at Columbia University and Presbyterian Hospital,

Dr. Grodman devotes all of his working time to the business of the Company.

Since January 2005, Dr. Grodman has been a member of the Board of Directors, and currently serves as Vice Chairman of the American Clinical Laboratory Association, an industry organization comprised of the largest and most significant commercial clinical laboratories in the United States. Other Board members include the chief executive officers of Quest Diagnostics and Laboratory Corporation of America.

Howard Dubinett has been the Executive Vice-President and Chief Operating Officer of the Company since its formation in 1981. He became a Director of the Company in April 1986. Mr. Dubinett attended Rutgers University. Mr. Dubinett devotes all of his working time to the business of the Company.

Sam Singer has been the Company s Vice President and Chief Financial Officer since October 1987 and a Director since November 1989. He is responsible for all of the Company s financial activities. Mr. Singer was the Controller for Sycomm Systems Corporation, a data processing and management consulting company, from 1981 to 1987, prior to joining the Company. He received a B.A. degree from Strayer University and an M.B.A. from Rutgers University. Mr. Singer devotes all of his working time to the business of the Company.

Joseph Benincasa became a Director of the Company in June 2005. Mr. Benincasa currently serves as the Executive Director of The Actors Fund of America, a position he has held since 1989. The Actors Fund is the leading national, non-profit human services organization providing comprehensive social and health care services, employment, training and housing support to the entertainment profession. It is headquartered in New York City with regional offices in Chicago and Los Angeles. He is a director of St. Peter s University Medical Center and also sits on the board of directors of Broadway Cares/Equity Fights AIDS; the National Theatre Workshop of the Handicapped; Career Transition for Dancers; the Times Square Alliance; the New York Society of Association Executives and the Somerset Patriots, a minor league baseball team.
Mr. Benincasa holds a B.A. degree from St. Joseph s University and an M. Ed. Degree from Rutgers University. He also attended Fordham University Graduate School of Business.

Harry Elias became a Director of the Company in March 2004. Mr. Elias commenced his employment in sales and marketing with JVC Company of America (JVC) in 1967, subsequently being appointed as JVC s Senior Vice President of Sales and Marketing in 1983 and as Executive Vice President of Sales and Marketing in 1990. In 1995, Mr. Elias was named as JVC s Chief Operating Officer, a position he occupied until April 2003 when he resigned his positions upon his appointment as JVC s Honorable Chairman. JVC, a distributor of audio and video products headquartered in Wayne, New Jersey is the wholly owned United States subsidiary of Victor Company of Japan, a manufacturer of audio and video products headquartered in Japan. In January 2005, after retiring from JVC, Mr. Elias was appointed Chairman of the Board of and commenced to serve as a consultant to AKAI USA, the sole distributor in the United States of electronic products produced by AKAI, a Chinese manufacturer. Mr. Elias retired from AKAI in 2007 and currently is self-employed as a Business Consultant.

Gary Lederman, Esq. became a Director of the Company in May 1997. He received his B.A. degree from Brooklyn College in 1954 and his J.D. degree from NYU Law School in 1957. He was manager of Locals 370, 491 and 662 of the U.F.C.W. International Union from 1961 to 1985. He is retired from the unions and has been a lecturer at Queensboro Community College in the field of insurance. He served on an institutional review board for RTL, a pharmaceutical drug testing laboratory until his retirement in February 2007.

John Roglieri, M.D. became a Director of the Company in September 1995. He is an Assistant Professor of Clinical Medicine at Columbia University s College of Physicians and Surgeons and an Assistant Attending Physician at Presbyterian Hospital, New York City. Dr. Roglieri received a B.S. degree in Chemical Engineering and a B.A. degree in Applied Sciences from Lehigh University in 1960, an M.D. degree from Harvard Medical School in 1966, and a Masters degree from Columbia University s School of Business in 1978. From 1969 until 1971, he was a Senior Assistant Surgeon in the U.S. Public Health Service in Washington, D.C.. From 1971 until 1973 he was a Clinical and Research Fellow at Massachusetts General Hospital. From 1973 until 1975, he was Director of the Robert Wood Johnson Clinical Scholars program at Columbia University. In 1975 he was appointed Vice-President, Ambulatory Services at Presbyterian Hospital, a position which he held until 1980. Since 1980, he has maintained a private practice of internal medicine at Columbia-Presbyterian Medical Center. From 1988 until 1992, he was also Director of the Employee Health Service at Presbyterian Hospital. From 1992 through 1999, Dr. Roglieri was the Corporate Medical Director of NYLCare, a managed care subsidiary of New York Life Insurance Company (New York Life). Dr. Roglieri was chief medical officer of Physician WebLink, a national physician practice management company, from 1999 to 2000. Since 2001, he has been a Medical Director for New York Life in Manhattan. He is a member of advisory boards to several pharmaceutical companies, a member of the Editorial Advisory Board of the journals Managed Care and Seminars in Medical Practice, and is a subject of biographical record in Who s Who in America.

There are no family relationships between or among any directors or executive officers of Bio-Reference Laboratories. The Company s Certificate of Incorporation provides for a staggered Board of Directors pursuant to which the Board is divided into three classes of directors and the members of only one class are elected each year to serve a three-year term. Mr. Benincasa, Mr. Lederman and Dr. Roglieri are the Class III directors whose term expires in fiscal 2012. Dr. Grodman and Mr. Dubinett are the Class I directors whose term expires in fiscal 2013.

Key Personnel and Consultants

The following key personnel and consultants make significant contributions to the Company s operations.

James Weisberger, M.D. (Age 55) joined the Company in September 2003 as Vice President, Assistant Chief Medical Officer and Director of Hematopathology. He is currently employed as the Company s Chief Medical Officer. Prior to joining the Company, he was Director of Hematopathology at IMPATH, Inc. (1999-2003). He is board certified in internal medicine, anatomic and clinical pathology, and hematopathology. He has a New York State Department of Health Certificate of Qualification as a Laboratory Director. He is a Clinical Assistant Professor of Pathology at New York Medical College, Valhalla, New York. Prior to joining IMPATH, he was an Assistant Professor of Medicine and Pathology at New York Medical College (1995-1999). He has a B.S. degree from Stanford University (1977); an M.S. degree from Stanford University (1978); and an M.D. degree from the University of Pennsylvania (1983).

Charles T. Todd, Jr. (Age 59) is a Senior Vice President engaged in Sales. Mr. Todd was the founder and CEO of GenCare Biomedical Research Corporation (GenCare), a specialty oncology laboratory that was purchased by the Company in 1995. He attended Seton Hall University from where he received a B.S. degree in Finance in 1974.

Richard Faherty (Age 64) serves as the Company s Chief Information Officer and oversees the Company s two informatics operations. Mr. Faherty provided custom programming and system analysis services to GenCare from 1987 until its acquisition by the Company in 1995. He became a consultant to the Company in 1995 in the information technology area and an employee in 1999. Mr. Faherty is a graduate of the University of Notre Dame (1968) and the Fordham Law School (1975).

John Bennett, M.D., Scientific Advisory Board Chairman, is Professor Emeritus at the University of Rochester Medical Center, Rochester, New York. Dr. Bennett has long been recognized as an intellectual force in the treatment and understanding of leukemias, lymphomas and other cancer-related diseases. He established the French-American-British (FAB) Leukemia Working Group and is one of the world s leading authorities on Myelodysplasia. He is founder and Chairman of the MDS Foundation, as well as Editor of the Journal of Leukemia Research. Dr. Bennett is currently Professor Emeritus and former Head of the Medical Oncology Unit at the University of Rochester Medical Center and formerly was a Professor of Oncology in Medicine, Pathology and Laboratory Medicine at the University of Rochester Medical School. For nearly four decades, Dr. Bennett has been honored by the medical community as an expert in the field of oncology as evidenced by the numerous chairs he has held in prestigious societies and committees and his authorship of more than 400 publications in peer review journals, the majority of which are in the area of hematologic malignancies. Dr. Bennett earned his B.A. from Harvard University and his M.D. from Boston University. He served his residency in medicine at Beth-Israel Hospital, Boston, Massachusetts and completed a fellowship in hematology at Boston City Hospital. He headed the Morphology and Cytochemistry Section of the Clinical Center at the National Institute of Health (NIH) before joining the faculty at the University of Rochester. Dr. Bennett serves the Company in an advisory capacity as chairman of our Scientific Advisory Board.

Sherri Bale, Ph.D., FACMG joined the Company in September 2006, when BioReference Laboratories acquired the operating assets of GeneDx. She received her M.S. and Ph.D. degrees from the University of Pittsburgh, and her post-doctoral training in medical genetics at the National Institute of Health (NIH). She is an American Board of Medical Genetics-Certified Ph.D. Medical Geneticist and Founding Member of the

American College of Medical Genetics. She founded GeneDx with Dr. John Compton, also a long-time NIH scientist, after 16 years at the NIH. For the past eight years, she has served as President and Clinical Director of GeneDx, which specializes in developing and providing molecular diagnostic tests for rare

hereditary disorders. She has authored more than 125 peer-reviewed papers, book chapters, and books in the field. She serves on numerous Boards of patient advocacy and non-profit organizations, and is a member of the Faculty of the Metropolitan Medical Genetics Training Program of the National Human Genome Research Institute, NIH, in Bethesda, MD. She holds a second degree black belt in judo.

John Compton, Ph.D., (Age 62) serves as Scientific Director and Co-President of GeneDx Inc., the operating assets of which were acquired by BioReference Laboratories in September 2006. He has 25 years experience in the development and application of molecular biological techniques to answer questions about genetics and epidermal differentiation, and has authored more than 60 publications in the field. He holds B.S. degrees in Physics and Biology from MIT, received his Ph.D. from the University of California, Berkeley in Biophysics, and did his post-doctoral training in protein-DNA interactions at the Baylor College of Medicine. Following six years as an independent investigator at the Jackson Laboratory, he joined the Laboratory of Skin Biology in the National Institute of Arthritis, Musculoskeletal and Skin Diseases at the NIH in 1991 where he was Staff Scientist in the Genetic Studies Section until 2000, when he and NIH colleague Sherri Bale formed GeneDx to develop and provide molecular genetic testing in rare hereditary disorders. In 2003 they were jointly awarded the Entrepreneur of the Year award by the Technology Council of Maryland. John is also in his eighth year as Mayor of the Town of Washington Grove, MD.

Compliance with Section 16(a) of the Exchange Act

Based solely on a review of Forms 3 and 4 and any amendments thereto furnished to the Company pursuant to Rule 16a-3(e) under the Securities Exchange Act of 1934, or representations that no Forms 5 were required, we believe that with respect to fiscal 2010, our officers, directors and beneficial owners of more than 10% of our equity timely complied with all applicable Section 16(a) filing requirements.

Item 11 Executive Compensation

The table below summarizes the total compensation paid or accrued by us with respect to the years ended October 31, 2008, 2009 and 2010 to our three executive officers and to our two other most highly compensated senior management employees during the period. All of our group life, health, hospitalization or medical reimbursement plans, if any, as well as our 401(k) plan, do not discriminate in scope, terms or operation, in favor of any or our officers, senior management members or directors, and are generally available to all salaried employees.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year (b)	Salary ($) (c)	Bonus ($)(d) (1)	Stock Awards ($)(e)	Option Awards ($)(f)	Non-Equity Incentive Plan Compensation ($)(g)(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(h)	All Other Compensation ($)(i)(3)	Total ($)(j)
Marc D. Grodman	2008	$ 910,877	-0-	-0-	-0-	-0-	-0-	$ 101,424	$ 1,012,301
M.D. President and	2009	965,180	-0-	-0-	-0-	96,518	-0-	111,090	1,172,788
Chief Executive Officer	2010	1,013,439	-0-	-0-	-0-	60,806	-0-	113,491	1,187,736
Howard Dubinett	2008	$ 362,935	-0-	-0-	-0-	-0-	-0-	$ 40,070	$ 403,005
Executive Vice	2009	381,425	-0-	-0-	-0-	38,143	-0-	40,070	459,638

President and Chief Operating Officer	2010	400,496	-0-	-0-	-0-	24,030	-0-	42,014	466,540
Sam Singer Senior	2008	$ 362,935	-0-	-0-	-0-	-0-	-0-	$ 39,739	$ 402,674
Vice President and Chief Financial	2009	381,425	-0-	-0-	-0-	38,143	-0-	40,240	459,808
Officer	2010	400,496	-0-	-0-	-0-	24,030	-0-	40,240	464,766
Richard Faherty	2008	$ 486,540	-0-	-0-	-0-	-0-	-0-	$ 139,962	$ 626,502
Chief Information	2009	516,091	-0-	-0-	-0-	51,609	-0-	118,120	685,820
Officer	2010	547,528	-0-	-0-	-0-	32,461	-0-	165,067	745,056
Charles T. Todd, Jr.	2008	$ 505,237	-0-	-0-	-0-	-0-	-0-	$ 13,116	$ 518,353
Senior Vice	2009	540,000	-0-	-0-	-0-	54,000	-0-	9,247	603,247
President - Sales	2010	594,000	-0-	-0-	-0-	34,830	-0-	11,515	640,345

(1) Under SEC disclosure rules, the term bonus does not include awards that are performance based. As a result of this definition, payments under our Incentive Bonus Plan for Senior Management are not considered bonuses and are reported under the column captioned Non-Equity Incentive Plan Compensation .

(2) The Senior Management Incentive Bonus Plan adopted by the Compensation Committee provided for bonuses as a percentage of salary to be paid to designated members of Senior Management (seventeen in total) to the extent the Company s Total Operating Income equaled certain designated percentages of Total Net Revenues. The amounts in column (g) reflect the cash awards to the named officers under the Senior Management Incentive Bonus Plan. No bonuses were earned under the Plan with respect to fiscal 2008.

(3) The amounts in column (i) All Other Compensation are detailed below.

Name	Personal Use of Company Leased Automobile	Personal Use of Company Airplane	Life Insurance Premium (a)	Other	Total
Fiscal Year 2008					
Marc D. Grodman	$ 23,020	$ 8,404	$ 70,000	$ -0-	$ 101,424
Howard Dubinett	15,070	-0-	25,000	-0-	40,070
Sam Singer	14,739	-0-	25,000	-0-	39,739
Richard Faherty	28,021	-0-	-0-	111,941(b)	139,962
Charles Todd Jr.	9,937	3,179	-0-	-0-	13,116

Name	Personal Use of Company Leased Automobile	Personal Use of Company Airplane	Life Insurance Premium (a)	Other	Total
Fiscal Year 2009					
Marc D. Grodman	$ 23,783	$ 17,307	$ 70,000	$ -0-	$ 111,090
Howard Dubinett	15,070	-0-	25,000	-0-	40,070
Sam Singer	15,240	-0-	25,000	-0-	40,240
Richard Faherty	22,570	-0-	-0-	95,550(b)	118,120
Charles Todd Jr.	9,247	-0-	-0-	-0-	9,247

Name	Personal Use of Company Leased Automobile	Personal Use of Company Airplane	Life Insurance Premium (a)	Other	Total
Fiscal Year 2010					
Marc D. Grodman	$ 24,080	$ 19,411	$ 70,000	$ -0-	$ 113,491
Howard Dubinett	17,014	-0-	25,000	-0-	42,014
Sam Singer	15,240	-0-	25,000	-0-	40,240
Richard Faherty	25,773	4,398	-0-	134,896(b)	165,067
Charles Todd Jr.	5,584	5,931	-0-	-0-	11,515

(a) See Split Dollar Life Insurance herein

(b) Mr. Faherty rents an airplane to the Company (when the Company s owned airplane is unavailable) for corporate flights. Such rentals totaled $134,896 in fiscal 2010, $95,550 in fiscal 2009 and $71,108 in fiscal 2008. In addition, a separate corporation of which Mr. Faherty is the majority shareholder provided networking, data reporting and programming services to the Company in fiscal 2008 for which it received $40,833 in compensation.

Employment Agreements with Named Officers

On December 31, 2010, the Company executed an employment agreement with Dr. Grodman (the New Contract), employing him as President and Chief Executive Officer through October 31, 2017. The New Contract replaced Dr. Grodman s employment agreement then in effect and due to expire on October 31, 2011 (the Old Contract). The New Contract is automatically renewable for one additional two year period subject to the right of either party to elect not to renew at least four months prior thereto. The New Contract provides Dr. Grodman with a minimum annual Base Compensation of $1,060,000 subject to annual percentage increases in the Consumer Price Index as well as to increases at the discretion of the Compensation Committee. The New Contract also provides Dr. Grodman with participation rights in any fringe benefit and bonus plans available to the Company s employees to the extent determined by the Compensation Committee. The New Contract contains provisions governing in the event of Dr. Grodman s partial or total disability and provides for termination for Cause or in the event of Dr. Grodman s death. In the event of Dr. Grodman s death, unless his employment has been terminated for Cause, the Company will pay his estate a death benefit equal to 24 times his monthly Base Compensation in effect at the date of his death. Dr. Grodman has the right to terminate the New Contract in the event, among other occurrences, of a material change in his duties and responsibilities, a material relocation of the Company s principal

executive offices or a material breach by the Company of the New Contract (including a material diminution of his Base Compensation). In the event of a Change in Control of the Company, Dr. Grodman can elect to terminate the New Contract. In that event, he will be entitled to be paid a lump sum Severance Payment equal to 2.99 times the average of the annual compensation paid to him by the Company for the five calendar years preceding the earlier of the calendar year in which the Change of Control occurred or the calendar year of the Date of Termination, subject to the provisions of Section 409-A of the Internal Revenue Code. Dr. Grodman is also subject to certain non-competition restrictions (generally for one year) preventing him from competing with the Company after termination of his employment.

Pursuant to the New Contract, the Company agreed to transfer to an Insurance Trust (the 1999 Trust) established by Dr. Grodman, an insurance policy (Policy A) owned by the Company insuring the life of Dr. Grodman pursuant to an Endorsement Split-Dollar Insurance Agreement (Split-Dollar Agreement No. 1) among the Company, Dr. Grodman and the 1999 Trust, by paying a $1,202,411 bonus (the Initial Bonus) to Dr. Grodman, equal to the amount of the premiums paid by the Company on Policy A through the date of the New Contract. Split-Dollar Agreement No. 1 required the Company to pay the annual premiums on Policy A and provided that in the event of Dr. Grodman s death while serving as a full time Company employee, the Company would receive that amount out of the policy death proceeds equal to its interest in the policy (i.e. the greater of the premiums it had paid on the policy or the policy cash value at the date of death) and the balance of the death proceeds would be paid to Dr. Grodman s designated beneficiaries. Pursuant to the New Contract, Split-Dollar Agreement No. 1 was terminated and in a book entry transaction, the Initial Bonus was paid to Dr. Grodman who in turn transferred the Initial Bonus amount to the 1999 Trust which in turn repaid the Initial Bonus amount back to the Company. The Company then, in accordance with Split-Dollar Agreement No. 1, transferred ownership of Policy A to the 1999 Trust. To facilitate

these transactions, the parties agreed that the actual monetary funds did not need to change hands but agreed to treat the transactions appropriately for tax and accounting purposes. The Company also agreed to pay bonuses to Dr. Grodman of $119,000 in 2011, $70,000 in 2012 and $70,000 in 2013 unless his employment was terminated for Cause prior to a payment. These three bonuses were equal in amount to the remaining premiums payable on Policy A. The Company will expense the Initial Bonus ratably over the term of the New Contract. If Dr. Grodman s employment is terminated for Cause , he is obligated to pay back the unexpended portion of the Initial Bonus back to the Company.

The Company also agreed to obtain a second insurance policy, a second-to-die policy (Policy B) insuring the lives of Dr. Grodman and his wife. Policy B will be owned by the Company pursuant to a second Endorsement Split-Dollar Insurance Agreement (Split-Dollar Agreement No. 2) to be executed in 2011 among the Company, Dr. Grodman and an Insurance Trust (the 2011 Trust) to be established by Dr. Grodman. Policy B will provide for seven years of annual premiums of approximately $200,000 each, to be paid by the Company unless Dr. Grodman s employment is terminated for Cause. At Dr. Grodman s death, if his wife survives him, or in the event his employment is terminated for Cause , Dr. Grodman s estate or Dr. Grodman, as the case may be, will cause the premiums paid by the Company under Policy B up to said date, to be paid back to the Company and the Company will transfer ownership of Policy B to Dr. Grodman s estate, or to Dr. Grodman, as the case may be. If Dr. Grodman survives his wife, and assuming his employment has not been terminated for Cause, at his death, the Company will be paid the greater of the premiums it paid on Policy B or the Policy B cash value out of the death proceeds and Dr.Grodman s estate will be paid the balance of the death proceeds, provided, however, that if Dr. Grodman survives his wife and assuming his employment has not been terminated for Cause, at his wife s death, Dr Grodman or his designee shall have the option, exercisable within 90 days of her death, to purchase Policy B from the Company for the greater of the premiums paid or the cash value at the date of her death.

Mr. Dubinett serves as Executive Vice President and Chief Operating Officer pursuant to an employment agreement which has been extended through October 31, 2011. Mr. Dubinett s minimum annual compensation under the extended agreement is equal to his annual compensation in fiscal 2002 and is subject to increases based on increases in the Consumer Price Index as well as to increases at the discretion of the Compensation Committee. Mr. Dubinett s minimum annual base compensation for fiscal 2010 as determined by the Compensation Committee is $400,496. The agreement provides for (i) the leasing of an automobile for his use; (ii) participation in fringe benefit, bonus, pension, profit sharing, and similar plans maintained for the Company s employees; (iii) disability benefits; (iv) certain termination benefits; and (v) in the event of termination due to a Change in Control of the Company, a Severance Payment equal to 2.99 times Mr. Dubinett s average annual compensation during the preceding five years, subject to the provisions of Section 409-A of the Internal Revenue Code. See Split Dollar Life Insurance herein as to the Endorsement Split Dollar Life Insurance Agreement between the Company and Mr. Dubinett.

Mr. Singer serves as Senior Vice President and Chief Financial Officer pursuant to an employment agreement which has been extended through January 31, 2012. Mr. Singer s minimum annual compensation under the extended agreement is equal to his annual compensation in fiscal 2002 and is subject to increases based on increases in the Consumer Price Index as well as to increases at the discretion of the Compensation Committee. Mr. Singer s minimum annual base compensation for fiscal 2010 as determined by the Compensation Committee is $400,496. The agreement provides for (i) the leasing of an automobile for his use; (ii) participation in fringe benefit, bonus, pension, profit sharing, and similar plans maintained for the Company s employees; (iii) disability benefits; (iv) certain termination benefits; and (v) in the event of termination due to a Change in Control of the Company, a Severance Payment equal to 2.99 times Mr. Singer s average annual compensation during the preceding five years, subject to the provisions of Section 409-A of the Internal Revenue Code. See Split-Dollar Life Insurance herein as to the Endorsement Split-Dollar Life Insurance Agreement between the Company and Mr. Singer.

Mr. Faherty serves as Chief Information Officer and Director of Information Services pursuant to an employment agreement currently due to expire on October 31, 2014. Mr. Faherty s initial Base Compensation of $400,000 in fiscal 2005 is subject to increases based upon management s evaluation of his and the Company s performance and is also subject to increases based on increases in the Consumer Price Index. The agreement provides for (i) the leasing of an automobile for Mr. Faherty s use; (ii) participation in fringe benefit and bonus plans available to the Company s employees; (iii) disability benefits; (iv) certain termination benefits; and (v) in the event of termination due to a Change in Control of the Company, a Severance Payment equal to 2.99 times Mr. Faherty s average annual compensation during the preceding five years, subject to the provisions of Section 409-A of the Internal Revenue Code.

Mr. Todd serves as a Senior Vice President in Sales pursuant to an Employment Agreement currently due to expire on October 31, 2014. Mr. Todd s initial Base Compensation of $350,000 in fiscal 2005 is subject to increases based upon management s evaluation of his and the Company s performance and is also subject to increases based on increases in the Consumer Price Index. The agreement provides for (i) the leasing of an automobile for Mr. Todd s use; (ii) participation in fringe benefits and bonus plans available to the Company s employees; (iii) disability benefits; (iv) certain termination benefits; and (v) in the event of termination due to a Change in Control of the Company, a Severance Payment equal to 2.99 times Mr. Todd s average annual compensation during the preceding five years, subject to the provisions of Section 409-A of the Internal Revenue Code.

Potential Payments Upon Termination or Change in Control as of October 31, 2010.

The following table sets out the payments that could be paid to each of our three executive officers and to our two other most highly compensated senior management employees upon termination of employment due to death, disability, for Good Reason or a Change in Control, in each case occurring as of October 31, 2010.

Fiscal Year 2010

Employee	**Disability (a)**	**Good Reason (b)**	**Death (c)**	**Change in Control (d)**
Marc D. Grodman M.D.	$ 1,520,159	$ 1,013,439	$ 7,473,000	$ 2,890,957
Howard Dubinett	400,496	400,496	1,379,250	1,096,415
Sam Singer	400,496	500,620	805,250	1,106,539
Richard Faherty	547,528	2,190,112	273,764	1,451,651
Charles Todd, Jr.	594,000	2,376,000	297,000	1,350,861

(a) Dr. Grodman s employment agreement entitles him to monthly compensation at his then current Base Compensation for 18 months in the event of his Total Disability. The employment agreement of each of the other employees listed in the table entitles the employee to monthly compensation at his then current Base Compensation for twelve months in the event of his Total Disability.

(b) Good Reason entitling the employee to voluntarily terminate his employment agreement includes assignment of duties inconsistent with his current duties, reduction of his Base Compensation, relocation of the Company s principal executive offices to a location more than 50 miles from the current location and

other breaches by the Company of the employment agreement. In the event of his voluntary termination for Good Reason , each of the employees listed in the table is entitled to be paid his monthly Base Compensation until completion of his current Employment Period which is as follows: Dr. Grodman until October 31, 2012; Mr. Dubinett until October 31, 2011; Mr. Singer until January 31, 2012; and Messrs. Faherty and Todd until October 31, 2014.

(c) Under Dr. Grodman s employment agreement, his employment terminates in the event of his death and his beneficiaries would be entitled to the death proceeds of the insurance policy owned by the Company on his life after deducting the Company s Interest in the Policy . In the event of Mr. Dubinett s death or Mr. Singer s death while employed by the Company, the decedent s beneficiaries would be entitled to the death proceeds of the insurance policy owned by the Company on his life after deducting the Company s Interest in the Policy plus additional payments equal to six months of his Base Compensation in effect at the time of his death. See Split-Dollar Life Insurance herein. In the event of Mr. Faherty s death or Mr. Todd s death while employed by the Company, the decedent s beneficiaries would be entitled to additional payments equal to six months of his Base Compensation at the time of his death.

(d) In the event of a termination of employment after a Change in Control of the Company, the employee is entitled to receive a lump sum Severance Payment equal to 2.99 times the average of his annual compensation paid or payable by the Company in connection with his employment and included in his gross income as compensation income for the five calendar years preceding the calendar year in which the Change in Control occurred, subject to the provisions of Section 409-A of the Internal Revenue Code.

See Employment Agreements with Named Officers as to an employment agreement between the Company and Dr. Grodman executed on December 31, 2010, superseding the employment agreement than in effect and extending Dr. Grodman s employment until October 31, 2017.

Split-Dollar Life Insurance

Pursuant to the terms of their 1997 employment agreements, the Company had established split-dollar life insurance programs for each of its three Executive Officers. As a result of the passage of the Sarbanes Oxley Act of 2002 (signed into law on July 30, 2002), these three programs were modified. Pursuant to the modification, each of the three Executive Officers assigned ownership of his policies to the Company and new policies were issued to replace the prior policies with annual premiums under the new policies ($70,000 under Dr. Grodman s policy and $25,000 each under Messrs. Dubinett s and Singer s policies) being equal to the premiums paid under the replaced policies. The Company has now executed new Endorsement Split-Dollar Life Insurance Agreements with each of its three Executive Officers. Pursuant to the new agreements, the Company has agreed to continue to pay the annual premium on the policy on each officer s life during the period of his full-time employment by the Company. The Company is the sole owner of the policy and of its net cash surrender value, and in the event of the officer s death while serving as a full-time employee of the Company, the Company will be entitled to receive that amount of the death proceeds equal to its interest in the policy (the aggregate amount of premiums paid by the Company with respect to the policy less the amount of any loans, if any, from the Insurer to the Company against the cash value or policy proceeds, and less the aggregate amount of any premiums paid by the officer to the Company in reimbursement of premiums paid by the Company) and the balance of the death proceeds will be paid to the officer s designated beneficiaries. The premiums paid by the Company on the current policies and the prior policies aggregated approximately $1,782,000 and $1,662,000 at October 31, 2010 and October 31, 2009, respectively. At those dates, the net cash surrender value of the three current policies aggregated approximately $1,523,000 and $1,373,000, respectively and is recorded on the books of the Company at these values.

See Employment Agreements with Named Officers as to the transfer of the split-dollar insurance policy on Dr. Grodman s life, owned by the Company, to Dr Grodman s insurance trust and as to the purchase by the Company of a new split-dollar second-to-die insurance policy on the lives of Dr. Grodman and his wife.

Stock Options

See Note 11 of Notes to the Consolidated Financial Statements for information on the company s stock option plans.

Option Grants to Our Three Named Executive Officers (and the Two Other Named Most Highly Compensated Senior Management Employees) in Last Fiscal Year

No options to purchase shares of our Common Stock were granted to any of our three Named Executive Officers or the two other named most highly compensated senior management employees in fiscal 2010.

Option Exercises and Stock Vested

At October 31, 2009 and at October 31, 2010, there were no outstanding options held by our three executive officers, the two other named most highly compensated senior management employees or any of our directors.

During Fiscal 2010 no options were exercised by any member of the Board of Directors.

DIRECTOR COMPENSATION

During fiscal 2010, each director who was not a Company employee was compensated for his services as a director with a quarterly fee of $16,250. In addition, Gary Lederman as chairman of the Audit Committee and John Roglieri M.D. as chairman of the Compensation Committee were each compensated for serving as a Committee Chairman with an additional quarterly fee of $3,750. No director s fees were paid to our employee directors.

The following table sets forth the compensation paid to our directors in fiscal 20010.

Fiscal Year 2009 **Director Name:**	**Fees**	**Chairman Fees**	**Other**	**Total**
Joseph Benincasa	$ 65,000			$ 65,000
Harry Elias	$ 65,000			$ 65,000
Gary Lederman (a)	$ 65,000	$ 15,000(a)		$ 80,000
John Roglieri M.D (b)	$ 65,000	$ 15,000(b)		$ 80,000

(a) Chairman of the Audit Committee

(b) Chairman of the Compensation Committee

Compensation Discussion and Analysis

Background

Through fiscal 2001, the Board of Directors, including the Company s three executive officers, were responsible for reviewing the compensation paid to the Company s executive officers, provided that none of the Company s executive officers could vote with respect to his own compensation package. In fiscal 2002, the Company established a Compensation Committee consisting of three non-employee directors, Morton L. Topfer (Chairman), Gary Lederman and John Roglieri. Mr. Topfer resigned as a director and as a member of the Compensation Committee in February 2004. In March 2004, Dr. Roglieri became the Chairman of the Compensation Committee and Mr. Elias was elected as a member of the Committee. Mr. Benincasa was elected as a member of the Committee in June 2005.

In May 1997, the Company executed an employment agreement with Dr. Grodman which expired on October 31, 2004. Effective November 1, 2004, the Company executed a new seven year employment agreement with Dr. Grodman. On December 31, 2010, the Company executed a new employment agreement with Dr. Grodman expiring on October 31, 2017 and superseding the contract then in effect. The terms of the new employment agreement are described above. See Employment Agreements with Named Officers.

In May 1997, the Company also executed employment agreements with Messrs. Dubinett and Singer (each expiring on October 31, 2002). During fiscal 2002, the Compensation Committee authorized extensions of both Messrs. Dubinett and Singer s contracts for two additional years, with the Company having the option to extend each agreement for two consecutive one-year periods in addition. In consideration for Messrs. Dubinett and Singer executing the extension agreements, the Company agreed that the base compensation during each extension year would not be less than the total cash compensation paid to such individual in fiscal 2002. The Company s option to extend Mr. Dubinett and Mr. Singer s employment agreements was further extended through fiscal 2011 for Mr. Dubinett and thorough March 15th, 2012 for Mr. Singer.

Executive Compensation Philosophy

In view of the fact that our three named executive officers own substantial equity interests in the Company, our compensation program for them focuses primarily on base salary, subject to annual increase based upon a review of the executive s and the Company s performance. In addition, to further incentivize our executive officers as well as certain other members of senior management, in 2005, we established a Senior Management Incentive Bonus Plan designed to assist in the Company s profitability. Bonuses under the Plan are earned and paid only to the extent the Company s Total Operating Income equaled certain designated percentages of Total Net Revenues. Plan criteria were met with respect to fiscal 2007, 2009 and 2010 so that bonuses were earned and paid, but no bonuses were earned or paid under the Plan with respect to fiscal 2008 as the Plan s targeted performances were not achieved.

Rationale for Current Employment Agreements with the Three Executive Officers

During the summer of calendar year 2004 with the knowledge that Dr. Grodman s seven year employment agreement was due to expire in October 2004, the Compensation Committee commenced negotiations with Dr. Grodman for the terms of a new employment agreement. In the course of its negotiations, the Committee took into account among other factors as a barometer of Dr. Grodman s performance as the Company s chief executive officer, the substantial increase since 1997 in the Company s net revenues, operating income and the market price of the Common Stock. Another factor taken into account by the Committee was the compensation being paid to the chief executive officers of a peer group of nine other publicly owned clinical testing laboratories including the two major companies in the industry, Quest Diagnostics, Inc. and Laboratory Corporation of America Holdings. The terms of Dr. Grodman s split-dollar insurance arrangement with the Company and the fact that the proposed new employment agreement did not provide Dr. Grodman with additional equity compensation was also taken into account. After discussion, each of the three members of the Compensation Committee at the time (Dr. Roglieri, Mr. Elias and Mr. Lederman) concluded that the terms of the proposed new employment agreement were fair to and in the best interests of the Company and its stockholders and that the proposed compensation hereunder was not excessive.

The Compensation Committee determined that the base salaries paid with respect to fiscal 2010, and the terms of the extension agreements with Messrs. Dubinett and Singer, were reasonable in relationship to the services performed, the responsibilities assumed and the results obtained, and were in the best interests of the Company. In connection with Dr. Grodman s compensation, the Compensation Committee considered the Company s increase in net revenues, patients serviced, working capital and shareholders equity in fiscal 2010 compared with the corresponding period in fiscal 2009. Furthermore, the compensation paid to Messrs. Grodman, Dubinett and Singer for fiscal 2010 comports with the Compensation Committee s perception of base compensation levels of principal executives employed by other companies, both public and private.

In December 2010, the Compensation Committee approved a new employment agreement (the New Contract) with Dr. Grodman ensuring that he would continue to serve as president of the Company through October 31, 2017. The New Contract superseded the employment agreement then in effect and due to expire on October 31, 2011 (the Old Contact). In negotiating Dr. Grodman s New Contract, the Compensation Committee relied in part on executive compensation studies furnished by Compensation Resources, Inc., an independent executive compensation consulting firm (CRI). After taking into account the compensation paid to the chief executive officers of a peer group of publicly owned clinical laboratories (including the two major national laboratories, Quest Diagnostics, Inc. and Laboratory Corporation of America Holdings) and the chief executive officers of other similarly situated public companies as defined by revenues, industry and geography, CRI concluded that Dr. Grodman s compensation package under the Old Contract was below (by over 20%) the comparable value delivered to the chief executive officers in the peer group and that Dr. Grodman s compensation in its totality under the New Contract was within a reasonable comparable range.

Benefits

Our policy is to provide health benefits as well as access to our 401(k) Plan to which we contribute a maximum of $500 per employee each year, to all of our employees including our three executive officers.

We lease automobiles for their use but amounts reflecting their personal use are reported as income to them subject to tax. Similarly, personal use of the Company airplane by any of our executive officers is reported as income to them, subject to tax. See Footnote (3) to the Summary Compensation Table .

Change in Control Benefits

Our employment agreements with our three executive officers provide for substantial Severance Payments to them in the event of a change in

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control of the Company. This provision provides an additional level of financial security for our three executive officers. These executives could well be asked to evaluate a transaction purportedly expected to maximize shareholder value while resulting in the elimination of their jobs. The Severance Payment provision (2.99 times the annual average of the preceding five years of compensation) could help to minimize the distraction caused by concerns over personal financial security in the context of a proposed change in control.

Stock Option Grant Practices

The Company grants stock options at an exercise price at least equal to the fair market value on the date of the grant. Due to the substantial stock ownership position of our three executive officers, no stock options have been granted to them (or restricted stock awarded to them) in the last three years.

Policy Regarding the One Million Dollar Deduction Limitation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation in excess of $1,000,000 paid for any fiscal year to a corporation s chief executive officer and to the four other most highly compensated executive officers in office as of the end of the fiscal year. The statute exempts qualifying performance-based compensation from the deduction limit if certain requirements are met. However, shareholder interests may at times be best served by not restricting the Compensation Committee s discretion and flexibility in developing compensation programs, even though the programs may result in non-deductible compensation expenses. Accordingly, the Compensation Committee may from time to time approve elements of compensation for certain officers that are not fully deductible.

Compensation Committee Interlocks and Insider Participation

During fiscal 2010, the members of the Company s Compensation Committee were:

John Roglieri M.D. Chairman

Joseph Benincasa

Harry Elias

Gary Lederman

No member of the Compensation Committee was an officer or employee of the Company in fiscal 2010 or was formerly an officer of the Company.

Compensation Committee Report

The members of the Company s Compensation Committee hereby state;

(A) We have reviewed and discussed the Compensation Discussion and Analysis contained in this Annual Report on Form 10-K for the year ended October 31, 2010 with the Company s Management, and

(B) Based on such review and discussions, we have recommended to the Company s Board of Directors that the Compensation Discussion and Analysis be included in the Company s Annual Report on Form 10-K for the year ended October 31, 2010.

COMPENSATION COMMITTEE

By John Roglieri M.D., Chairman
Joseph Benincasa
Harry Elias
Gary Lederman

Item 12. - Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth information as of January 4, 2010 with respect to the ownership of Common Stock by (i) each person known to us to be the beneficial owner of more than 5% of our outstanding Common Stock, (ii) each of our directors, (iii) each of our executive officers, and (iv) all directors and executive officers as a group.

Name and Address of Beneficial Owner Directors and Executive Officers*	**Shares of Common Stock Beneficially Owned(1)**	**Percentage Ownership**
Marc D. Grodman(2)	2,777,800	10%
Howard Dubinett(3)	385,138	1%
Sam Singer(4)	52,532	**
Joseph Benincasa	0	0%
Harry Elias	0	0%
Gary Lederman(5)	30,400	**
John Roglieri(6)	12,800	**
Executive Officers and Directors as a group (seven persons) (2)(3)(4)(5)(6)	3,258,717	12%
Black Rock, Inc(7) 40 East 52nd Street New York, NY 10022	1,877,438	7%

* The address of all of the Company s directors and executive officers is c/o the Company, 481 Edward H. Ross Drive, Elmwood Park, New Jersey 07407.

** Less than one (1%) percent.

(1) Except as otherwise noted, each holder named in the table has sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned.

(2) Includes 2,323,466 shares owned directly. Also includes 347,934 shares owned directly by Dr. Grodman s wife, Pam Grodman, and 106,400 shares owned by their children. Dr. Grodman disclaims beneficial ownership of these 454,334 shares.

(3) Includes 385,138 shares owned directly.

(4) Includes 34,332 shares owned directly, and 18,200 shares owned by children who share Mr. Singer s household. Mr. Singer disclaims beneficial ownership of these 18,200 shares.

(5) Includes 30,400 shares owned directly.

(6) Includes 10,000 shares owned directly and 2,800 shares owned by Dr Roglieri s wife Dr. Roglieri disclaims beneficial ownership of these 2,800 shares.

(7) Black Rock, Inc. (Black Rock) is the beneficial owner of these 1,877,438 shares. In its Schedule 13G filing dated January 20, 2010 filed with the Securities and Exchange Commission, Black Rock stated that to the best of its knowledge, these 1,877,438 shares were acquired in the ordinary course of business; were not acquired for the purpose of and do not have the effect of changing or influencing the control of the Company; and were not acquired in connection with or as a participant in any transaction having such purpose or effect.

Equity Compensation Plan Information

The following table provides information as of October 31, 2010 regarding shares of Common Stock that may be issued pursuant to the Company s equity compensation plans:

	(a) Number of Shares Issuable upon Exercise of Outstanding Options	(b) Weighted-Average Exercise Price per Share of Outstanding Options	(c) Number of Shares Remaining Available for Future Issuances Under Equity Compensation Plans (Excluding Shares Reflected in Column (a))
Equity Compensation Plans Approved by Stockholders	435,100(1)	$ 8.51	828,520(2)

(1) Reflects shares issuable upon exercise of outstanding ISOs granted pursuant to the Company s 2000 and 2003 Employee Stock Option Plans.

(2) Reflects shares reserved for issuance upon the grant of ISOs which may be granted pursuant to the Company s 2000 and 2003 Employee Incentive Stock Option Plans.

Item 13. Certain Relationships and Related Transactions, and Director Independence

No material transactions occurred between the Company and related parties during fiscal 2010. See item 11 herein and footnote 7 to the consolidated financial statements.

Director Independence

The Company s independent directors as independence is defined by Rule 4200(a)(15) of The NASDAQ Stock Market Rules are as follows:

Joseph Benincasa

Harry Elias

Gary Lederman

John Roglieri M.D.

They also comprise all of the members of the Audit Committee, the Compensation Committee and the Nominating Committee.

Item 14. - Principal Accountant Fees and Services

The firm of MSPC, Certified Public Accountants and Advisors, A Professional Corporation (MSPC) audited our accounts and the accounts of our subsidiaries for the fiscal years ended October 31, 2010 and 2009. MSPC and its predecessor firm have been our auditors since 1988.

(1) Audit Fees

MSPC billed us approximately $270,000 for professional services rendered in connection with the audit of our annual financial statements for the fiscal year ended October 31, 2010 and the review of the financial statements included in our quarterly reports on Form 10-Q for such fiscal year compared to approximately $254,500 in billings for such services for the fiscal year ended October 31, 2009. In addition, MSPC billed us approximately $15,500 in fiscal 2010 for its audit of our 401(k) Plan for calendar year 2009 as compared to approximately $15,000 of such fees in fiscal 2009 with respect to calendar year 2008.

(2) Audit-Related Fees

MSPC billed us approximately $11,400 for due diligence fees incurred in relation to acquisitions during fiscal 2010 and approximately $73,500 for Sarbanes-Oxley (SOX) related audit fees.

(3) Tax Fees

MSPC billed us approximately $64,000 for tax services for fiscal 2010 and approximately $70,100 for tax services for fiscal 2009.

(4) All Other Fees

No fees were billed to us by MSPC with respect to fiscal 2009 or fiscal 2008 other than for services described in Item 14 (1), (2) and (3) herein.

(5) Pre-Approval Policies and Procedures

The engagement of MSPC to render the above audit and tax services was approved by our audit committee prior to the engagement.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)1. Financial Statements

The following financial statements of the Company are included in Part II, Item 8

Exhibit No.	Item	Incorporated by Reference to
3.1*	Amended and Restated Certificate of Incorporation dated November 15, 1989	(A)
3.1.1*	Amendment to Certificate of Incorporation dated October 4, 1991 (authorizing one-for-10 reverse stock split)	(B)
3.1.2*	Amendment to Certificate of Incorporation dated August 23, 1993 (authorizing one-for-three reverse stock split)	(C)
3.1.3*	Amendment to Certificate of Incorporation dated March 23, 1998 (creating Series A Senior Preferred Stock)	(F)
3.1.4*	Amendment to Certificate of Incorporation dated March 31, 1998 (creating Series A Junior Participating Preferred Stock)	(F)
3.1.5*	Amendment to Certificate of Incorporation dated September 22, 2003 (increasing authorized shares of Common Stock to 35,000,000 shares)	(J)
3.2*	By-laws	(D)
3.2.1*	Amendments to Article III, Sections 2 and 4 of the By-laws adopted June 1, 2005	(L)
4.1*	Form of Common Stock Certificate, $.01 par value	(M)

10.1*	Lease Agreement for Elmwood Park, New Jersey Premises, expiring in February, 2004	(F)
10.1.1*	Fifth Amendment dated as of July 16, 2004 to Lease for Elmwood Park, New Jersey Premises	(M)
10.1.2*	Sixth Amendment dated as of October 27, 2004 to Lease for Elmwood Park, New Jersey Premises	(M)
10.2*	Employment Agreement between the Company and Marc Grodman expiring in October 2011	(K)
10.2.1	Employment Agreement between the Company and Marc Grodman expiring October 31, 2017.	(Q)
10.3*	Employment Agreement between the Company and Howard Dubinett as in effect at October 31, 2001	(F)
10.3.1*	Extension to Employment Agreement between the Company and Howard Dubinett effective November 1, 2002	(I)
10.3.2*	Extension to Employment Agreement between the Company and Howard Dubinett effective November 1, 2004.	(M)
10.3.3*	Amendment No. 3 to Employment Agreement between the Company and Howard Dubinett dated December 18, 2007.	(P)
10.4*	Employment Agreement between the Company and Sam Singer as in effect at October 31, 2001	(F)
10.4.1*	Extension to Employment Agreement between the Company and Sam Singer effective November 1, 2002	(I)

10.4.2*	Extension to Employment Agreement between the Company and Sam Singer effective November 1, 2004	(M)
10.4.3*	Amendment No. 3 to Employment Agreement between the Company and Sam Singer dated December 18, 2007.	(P)
10.5*	Employment Agreement between the Company and Charles T. Todd, Jr. effective November 1, 2005.	(N)
10.6*	Employment Agreement between the Company and Scott Fein effective October 31, 2005.	(N)
10.7*	Employment Agreement between the Company and Richard L. Faherty effective November 1, 2005.	(N)
10.8*	The Company s 1989 Stock Option Plan	(B)
10.8.1*	The Company s 2000 Employee Incentive Stock Option Plan.	(G)
10.8.2*	The Company s 2003 Employee Incentive Stock Option Plan.	(J)
10.9*	The Company s 2008 Senior Management Incentive Bonus Plan.	
10.9.1(R)	The Company s 2009 Senior Management Incentive Bonus Plan	
10.9.2	The Company s 2010 Senior Management Incentive Bonus Plan	
10.13*	Amended and Restated Loan and Security Agreement as of September 30, 2004 between the Company and PNC Bank, National Association.	(M)
10.13.1*	Fourth Amendment as of October 31, 2006 to Loan and Security Agreement as of September 30, 2004 between the Company and PNC Bank, National Association	(O)
10.13.2*	Fifth Amendment as of October 31, 2007 to Loan and Security Agreement as of September 30, 2004 between the Company and PNC Bank, National Association	(P)
10.13.3*	Sixth Amendment as of May 12, 2008 to Loan and Security Agreement as of September 30, 2004 between the Company and PNC Bank, National Association	
21	Subsidiaries of the Company	

The following are the Company s wholly-owned subsidiaries:

	Jurisdiction of Incorporation	Name under which it Conducts or Conducted Business
CareEvolve.com, Inc.	New Jersey	CareEvolve
BRLI No. 2 Acquisition Corp.	New Jersey	GeneDx
BRLI-GENPATH Diagnostics, Inc.	New Jersey	BRLI-GENPATH Diagnostics, Inc.
GENOME DIAGNOSTICS, Ltd.	Canada	GENOME DIAGNOSTICS, Ltd.

23.1	Consent of Independent Registered Public Accounting Firm
31.1	Certification of Chief Executive Officer

31.2 Certification of Chief Financial Officer

32.1 Certification pursuant to 18 U.S.C. Section 1350 of Chief Executive Officer

32.2 Certification pursuant to 18 U.S.C. section 1350 of Chief Financial Officer

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The exhibits designated above with an asterisk (*) have previously been filed with the Commission and, pursuant to 17 C.F.R. Secs. 201.24 and 240.12b-32, are incorporated by reference to the documents as indicated below.

(A) Incorporated by reference to exhibit filed with the Company s Registration Statement on Form S-1 (File No. 33-31360).

(B) Incorporated by reference to exhibit filed with the Company s annual report on Form 10KSB for the year ended October 31, 1992.

(C) Incorporated by reference to exhibit filed with the Company s Registration Statement on Form SB-2 (File No. 33-68678).

(D) Incorporated by reference to exhibit filed with the Company s Registration Statement on Form S-18 (File No. 33-5048-NY).

(F) Incorporated by reference to exhibit filed with the Company s annual report on Form 10-K for the year ended October 31, 1999.

(G) Incorporated by reference to exhibit filed with the Company s annual report on Form 10-K for the year ended October 31, 2000.

(H) Incorporated by reference to exhibit filed with the Company s annual report on Form 10-K for the year ended October 31, 2001.

(I) Incorporated by reference to exhibit filed with the Company s annual report on Form 10-K for the year ended October 31, 2002

(J) Incorporated by reference to exhibit filed with the Company s Registration Statement on Form S-8 (File No. 333-111578).

(K) Incorporated by reference to exhibit filed with the Company s current report on Form 8-K (for December 6, 2004).

(L) Incorporated by reference to exhibit filed with the Company s quarterly report on Form 10-Q for the quarter ended April 30, 2005

(M) Incorporated by reference to exhibit filed with the Company s annual report on Form 10-K for the year ended October 31, 2004.

(N) Incorporated by reference to exhibit filed with the Company s annual report on Form 10-K for the year ended October 31, 2005.

(O) Incorporated by reference to exhibit filed with the Company s annual report on Form 10-K for the year ended October 31, 2006.

(P) Incorporated by reference to exhibit filed with the Company s annual report on Form 10-K for the year ended October 31, 2007.

(Q) Incorporated by reference to exhibit filed with the Company s current report on Form 8-K (for December 31, 2010).

(R) Incorporated by reference to exhibit filed with the Company s annual report on Form 10-K for the year ended October 31, 2009.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BIO-REFERENCE LABORATORIES, INC.

By /S/ Marc D. Grodman
Marc D. Grodman
Chairman of the Board, President,
Chief Executive Officer and Director
Dated: January 11, 2011

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/S/ Marc D. Grodman
Marc D. Grodman
Chairman of the Board, President,
Chief Executive Officer and Director
January 11, 2011

/S/ Howard Dubinett
Howard Dubinett
Executive Vice President,
Chief Operating Officer and Director
January 11, 2011

/S/ Sam Singer
Sam Singer
Vice President, Chief Financial Officer,
Chief Accounting Officer and Director
January 11, 2011

/S/ Joseph Benincasa
Joseph Benincasa
Director
January 11, 2011

/S/ Harry Elias
Harry Elias
Director
January 11, 2011

/S/ Gary Lederman
Gary Lederman
Director
January 11, 2011

/S/ John Roglieri
John Roglieri
Director
January 11, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders

Bio-Reference Laboratories, Inc.

Elmwood Park, New Jersey

We have audited the accompanying consolidated balance sheets of Bio-Reference Laboratories, Inc. and its subsidiaries (the Company) as of October 31, 2010 and 2009, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the fiscal years in the three-year period ended October 31, 2010. We also have audited the Company s internal control over financial reporting as of October 31, 2010, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management s Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company s internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall consolidated financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that *(a)* pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; *(b)* provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and *(c)* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bio-Reference Laboratories, Inc. and its subsidiaries as of October 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the fiscal years in the three-year period ended October 31, 2010, in conformity with accounting principles generally

accepted in the United States of America. Also in our opinion, Bio-Reference Laboratories Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as of October 31, 2010, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

MSPC
Certified Public Accountants and Advisors,
A Professional Corporation

Cranford, New Jersey

January 12, 2011

BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

[Dollars In Thousands, Except Share Data]

	October 31, 2010	October 31, 2009
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 17,779	$ 16,995
Accounts Receivable - Net	129,122	104,995
Inventory	6,193	4,148
Other Current Assets	2,820	1,879
Deferred Tax Assets	16,883	12,456
TOTAL CURRENT ASSETS	172,797	140,473
PROPERTY AND EQUIPMENT - AT COST	67,250	53,645
LESS: Accumulated Depreciation	(30,420)	(25,885)
PROPERTY AND EQUIPMENT - NET	36,830	27,760
OTHER ASSETS:		
Deposits	1,389	630
Goodwill - Net	22,608	21,386
Intangible Assets - Net	8,226	4,588
Other Assets	1,523	1,373
Deferred Tax Assets	758	1,180
TOTAL OTHER ASSETS	34,504	29,157
TOTAL ASSETS	$ 244,131	$ 197,390

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

[Dollars In Thousands, Except Share Data]

	October 31, 2010	October 31, 2009
CURRENT LIABILITIES:		
Accounts Payable	$ 36,972	$ 30,570
Accrued Salaries and Commissions Payable	9,769	8,758
Accrued Taxes and Expenses	6,685	9,108
Revolving Note Payable - Bank	26,154	12,452
Current Maturities of Long-Term Debt	1,217	1,192
Capital Lease Obligations - Short-Term Portion	2,541	2,409
TOTAL CURRENT LIABILITIES	83,338	64,489
LONG-TERM LIABILITIES:		
Capital Lease Obligations - Long-Term Portion	4,336	3,843
Long Term Debt - Net of Current Portion	3,319	4,535
Other Long Term Acquisition Payable	750	
TOTAL LONG-TERM LIABILITIES	8,405	8,378
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS EQUITY:		
Preferred Stock $.10 Par Value; Authorized 1,666,667 shares, including 3,000 shares of Series A Junior Preferred Stock None Issued		
Common Stock, $.01 Par Value; Authorized 35,000,000 shares: Issued and Outstanding 27,847,204 and 27,694,876 at October 31, 2010 and at October 31, 2009, respectively	278	276
Additional Paid-In Capital	44,562	43,080
Retained Earnings	107,548	81,167
TOTAL SHAREHOLDERS EQUITY	152,388	124,523
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 244,131	$ 197,390

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

[Dollars In Thousands, Except Share Data]

	Years Ended October 31,		
	2010	**2009**	**2008**
NET REVENUES:	$ 458,024	$ 362,654	$ 301,071
COST OF SERVICES:			
Depreciation and Amortization	8,653	7,244	5,962
Employee Related Expenses	104,519	84,582	71,545
Reagents and Lab Supplies	77,798	57,770	46,258
Other Cost of Services	41,282	33,928	30,066
TOTAL COST OF SERVICES	232,252	183,524	153,831
GROSS PROFIT ON REVENUES	225,772	179,130	147,240
General and Administrative Expenses:			
Depreciation and Amortization	3,168	2,527	2,424
Other General and Administrative Expenses	111,983	86,763	75,946
Bad Debt Expense	62,243	51,518	40,313
TOTAL GENERAL AND ADMIN. EXPENSES	177,394	140,808	118,683
OPERATING INCOME	48,378	38,322	28,557
OTHER (INCOME) EXPENSES:			
Interest Expense	1,566	1,512	2,135
Other (Income)		(1,600)	
Interest (Income)	(151)	(179)	(269)
TOTAL OTHER EXPENSES - NET	1,415	(267)	1,866
INCOME BEFORE INCOME TAXES	46,963	38,589	26,691
Provision for Income Taxes	20,582	16,739	11,074
NET INCOME	$ 26,381	$ 21,850	$ 15,617
NET INCOME PER SHARE - BASIC:	$ 0.95	$ 0.79	$ 0.57
WEIGHTED AVERAGE NUMBER OF SHARES - BASIC:	27,786,083	27,627,968	27,551,580
NET INCOME PER SHARE - DILUTED:	$ 0.94	$ 0.78	$ 0.56
WEIGHTED AVERAGE NUMBER OF SHARES - DILUTED:	28,038,304	27,872,234	27,932,690

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements.

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BIO-REFERENCE LABORATORIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

[Dollars In Thousands Except Number of Shares]

	Series A Senior Preferred Stock		Common Stock		Additional Paid-in	Retained	Deferred	Total Shareholders
	Shares	Amount	Shares	Amount	Capital	Earnings	Compensation	Equity
Balance on October 31, 2007			27,497,268	$ 276	$ 41,297	$ 43,700	$ (6)	$ 85,267
Amortization of Deferred Compensation							6	6
Exercise of Options - Employees			67,626		542			542
Stock Based Compensation			5,000		86			86
Stock Issued for Acquisition			23,096		474			474
Common Stock Repurchased and Canceled			(39,400)		(452)			(452)
Net Income						15,617		15,617
Balance on October 31, 2008			27,553,590	$ 276	$ 41,947	$ 59,317		$ 101,540
Fractional Share Adjustments			530					
Exercise of Options - Employees			117,660		843			843
Stock Based Compensation					40			40
Stock Issued for Acquisition			23,096		250			250
Net Income						$ 21,850		21,850
Balance on October 31, 2009			27,694,876	$ 276	$ 43,080	$ 81,167		$ 124,523
Exercise of Options - Employees			117,800	2	795			797
Stock Based Compensation			11,432		290			290
Stock Issued for Acquisition			23,096		397			397
Net Income						$ 26,381		26,381
Balance on October 31, 2010								