



Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
<b>Common Stock, \$0.01 par value</b>	<b>New York Stock Exchange</b>

Securities Registered Pursuant to Section 12(g) of the Act: None

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

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

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  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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 any amendment to this Form 10-K

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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 definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company .

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last day of the registrant’s most recently completed second fiscal quarter: \$133,362,557 as of January 31, 2015

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

As of November 23, 2015 there were 46,068,815 shares, par value \$0.01, of the registrant’s common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

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## **EXPLANATORY NOTE**

Enzo Biochem, Inc. (the “Company”) is filing this Amendment No. 1 to Form 10-K on Form 10-K/A for the fiscal year ended July 31, 2015, in order to amend and restate Part III, Items 10 through 14 of the report on Form 10-K (the “original 10-K”) that we originally filed with the Securities and Exchange Commission (the “SEC”) on October 13, 2015.

This Form 10-K/A has been prepared and filed in reliance on General Instruction G to Form 10-K, which provides that registrants may provide the information required by Part III in a definitive proxy statement or an amendment to the Form 10-K filed with the SEC within 120 days after the end of the fiscal year covered by the report. The Company had initially planned to file the Part III information in a definitive proxy statement. Because the Company has filed a preliminary proxy statement on November 25, 2015, the Company has determined to instead file this Form 10-K/A to provide the Part III information within the required time period.

In accordance with Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), each item of the original Form 10-K that is amended by this Form 10-K/A is restated in its entirety, and this Form 10-K/A is accompanied by currently dated certifications on Exhibits 31.3 and 31.4 by the Company’s Chief Executive Officer and Chief Financial Officer.

The original Form 10-K is therefore amended to (i) delete the reference on the cover of the original Form 10-K to the incorporation by reference of a definitive proxy statement into Part III of such Form 10-K and (ii) revise Part III, Items 10 through 14 of the Company’s original Form 10-K to include information previously omitted from the original Form 10-K.

Except as described above, no other changes have been made to the original Form 10-K. The original Form 10-K continues to speak as of October 13, 2015, the date the Company filed the original Form 10-K with the SEC, and other than as expressly indicated in this Form 10-K/A, the Company has not updated the disclosures contained therein to reflect any events that have occurred at a date subsequent to October 13, 2015. Accordingly, this Form 10-K/A should be read in conjunction with the original Form 10-K and the Company’s other reports filed thereafter.

## **FORWARD LOOKING STATEMENTS**

This Annual Report contains “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including, without limitation, the statements under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” are “forward-looking statements.” Forward-looking statements may include the words “believes,” “expects,” “plans,” “intends,” “anticipates,” “contingent,” or other similar expressions. These statements are based on the Company’s current expectations of future events and

are subject to a number of risks and uncertainties that may cause the Company's actual results to differ materially from those described in the forward-looking statements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

**Part III****ITEM 10. Directors, Executive Officers and Corporate Governance.**

## Directors

The Company's Board has three staggered classes of Directors, each of which serves for a term of three years. The names of our directors, their ages and their positions with the Company are set forth below, followed by certain other information about them:

Class I Directors: Term to Expire in 2016

<b>Name (age)</b>	<b>Year First Became a Director</b>
Gregory M. Bortz (age 46)	2010
Dov Perlysky (age 53)	2012

Class II Directors: Term to Expire In 2017

<b>Name (age)</b>	<b>Year First Became a Director</b>
Barry W. Weiner (age 65)	1977
Bernard L. Kasten, M.D. (age 69)	2008

Class III: Term to Expire In 2018:

<b>Name (age)</b>	<b>Year First Became a Director</b>
Elazar Rabbani, Ph.D. (age 72)	1976

**GREGORY M. BORTZ**, has been a Director of the Company since January 2010. He is currently a member of the Company's Audit, Compensation and Nominating and Corporate Governance Committees and has been the Chairman of the Audit Committee since November 2010. Mr. Bortz is the founder of the CREO group of companies ("CREO") and serves as CREO's managing partner. CREO's interests include a combination of private equity and hedge fund investments. On the private equity side, CREO is currently investing through its third fund, CREO Capital Partners Fund III, L.P. Under Mr. Bortz's leadership, CREO has achieved successful exits from several private equity investments. CREO's success is driven by its strategy of acquiring middle market companies at reasonable prices, strengthening and improving their operations and balance sheets and adding scale through selective, accretive mergers and acquisitions. Mr. Bortz serves as a board member of the companies in CREO's private equity portfolio. In

addition, Mr. Bortz serves as the Chief Investment Officer of the CREO Select Opportunities Fund, a hedge fund that focuses on investing in public fixed income and equity securities.

From October 2000 to February 2005, Mr. Bortz was Senior Vice President, Investment Banking Division, of Lehman Brothers, Inc., an international investment bank. During his tenure at Lehman Brothers, Mr. Bortz was involved in numerous public and private debt and equity offerings, mergers and acquisitions, and restructurings. Prior to joining Lehman Brothers, Mr. Bortz held the position of Vice President of Investment Banking at Credit Suisse First Boston, an international investment bank, from January 1998 to October 2000. Mr. Bortz also previously held the position of Manager at the accounting firm of Ernst and Young (1994–1997) and Senior at the public accounting firm of Arthur Andersen (1993–1994), both in those firms' respective audit groups. Mr. Bortz was qualified as a chartered accountant in England and Wales as well as in South Africa. He graduated with honors



from the University of Cape Town with a Bachelors of Business Science in Finance and holds a Postgraduate Diploma in Accounting from that same institution.

We believe that Mr. Bortz's qualifications to serve on our Board are demonstrated by his more than 22 years of accounting, auditing, financial and investment banking experience as well as his experience as a board member of CREO's portfolio companies. The Company believes that Mr. Bortz is independent under the rules of the NYSE.

**BERNARD L. KASTEN M.D.** has been a Director of the Company since 2008 and serves on the Audit, Nominating and Corporate Governance and the Compensation Committees and since January 2011 serves as the Lead Independent Director and Chairman of the Compensation Committee. He presently is Enzo's Lead Independent Director. He was Chairman of the Board of Cleveland Biolabs, Inc. from August 2006 to 2014. From 1996 to 2004, Dr. Kasten served at Quest Diagnostics Incorporated as Chief Laboratory Officer, Vice President of Business Development for Science and Medicine and most recently as Vice President of Medical Affairs of its MedPlus Inc. subsidiary.

Dr. Kasten served as a Director of SIGA Technologies from May 2003 to December 2006, and as SIGA's Chief Executive Officer from July 2004 through April 2006. Since 2007, Dr. Kasten has been the Director and Chairman of GeneLink Inc. and Chairman of the Board of Riggs Heinrich Media Inc./iMirus since 2005.

Dr. Kasten is a graduate of the Ohio State University College of Medicine. His residency was served at the University of Miami, Florida and fellowships at the National Institutes of Health Clinical Center and National Cancer Institute, Bethesda, Maryland. He is a diplomat of the American Board of Pathology with Certification in Anatomic and Clinical Pathology and Sub-specialty Certification in Medical Microbiology.

We believe that Dr. Kasten's qualifications to serve on our Board are demonstrated by his professional background, experience in the healthcare field, including his prior senior leadership positions at Quest Diagnostics and other medical and biotech related companies, and current and past public company board positions.

**DOV PERLYSKY** has been a Director of the Company since September 2012 and since January 2013 has been a member of the Audit Committee and chair of the Nominating and Corporate Governance Committee. Mr. Perlysky has been a member of the Board of Directors of Pharma-Bio Serv, Inc. since 2004, Highlands State Bank since 2010 and News Communications since 2007. Mr. Perlysky has also been the managing member of Neshet, LLC, a private investment firm, since 2000 and a director of Engex, Inc., a closed-end mutual fund, since 1999. From 1998 until 2002, Mr. Perlysky was a vice president in the private client group of Laidlaw Global Securities, a registered broker-dealer. Mr. Perlysky received his Bachelor of Science in Mathematics and Computer Science from the University of Illinois in 1985 and his Master of Science in Management Studies from the J.L. Kellogg School of Management of Northwestern University in 1991. Mr. Perlysky is the son-in-law of Rosalind Davidowitz, see "Security Ownership of Certain Beneficial Owners and Management" on page 7 and footnotes 9 and 11 thereof. The Company believes that Mr. Perlysky is independent under the rules of the NYSE.

We believe that Mr. Perlysky's qualifications to serve on our Board are demonstrated by his professional background, experience in the healthcare field (including his director position at Pharma-Bio Serv, Inc.), other current and past board positions and finance background, making him well qualified as a member of our Board.

**ELAZAR RABBANI, Ph.D.** is an Enzo Biochem founder and has served as the Company's Chairman of the Board and Chief Executive Officer since its inception in 1976 and Secretary since November 25, 2009. Dr. Rabbani has authored numerous scientific publications in the field of molecular biology, in particular, nucleic acid labeling and detection. He is also the lead inventor of many of the Company's pioneering patents covering a wide range of

technologies and products. Dr. Rabbani received his Bachelor of Arts degree from New York University in Chemistry and his Ph.D. in Biochemistry from Columbia University. He is a member of the American Society for Microbiology.

We believe that Dr. Rabbani's qualifications to serve on our Board are demonstrated by his extensive knowledge of our industry, accomplishments over the last 39 years, including building our Intellectual Property estate and the commercialization of technology which has generated significant revenues for the Company.

**BARRY W. WEINER**, President, Chief Financial Officer, Principal Accounting Officer and Director is also a founder of Enzo Biochem. He has served as the Company's President since 1996, and previously held the position of Executive Vice President. Before his employment with Enzo Biochem, he worked in several managerial and marketing positions at the Colgate Palmolive Company. Mr. Weiner is a member of the New York Biotechnology Association. He received his Bachelor of Arts degree in Economics from New York University and his Master of Business Administration in Finance from Boston University.

We believe that Mr. Weiner's qualifications to serve on our Board are demonstrated by his knowledge of our businesses and the industries in which we are involved, along with his experience in finance, management and marketing, including the identification of acquisition targets and raising capital.

#### Family Relationships

Dr. Elazar Rabbani and Barry W. Weiner are brothers-in-law.

**Corporate Code of Ethics**—The Company has a Code of Ethics that applies to all of the Company's employees, officers and members of the Board. The Code of Ethics is available on the Company's website at [www.enzo.com](http://www.enzo.com), and in print to any interested party that requests it.

**Board Committee Charters**—Each of the Company's Audit, Compensation and Nominating and Corporate Governance Committees has a written charter adopted by the Company's Board that establishes practices and procedures for such Committee in accordance with applicable corporate governance rules and regulations. The charters are available on the Company's website at [www.enzo.com](http://www.enzo.com), and in print to any interested party that requests them.

**Director Term Limits**—The total cumulative length of time that any member of the Board who is not an officer or employee of the Company (an "Outside Director") may serve on the Board is limited to a maximum of three three-year terms, whether consecutively or in total, plus any portion of an earlier three-year term that such Outside Director may

have been appointed to serve.

**Lead Independent Director Charter**—The duties of the Lead Independent Director, as set forth in the Lead Independent Director Charter, among other things, are to develop the agendas for and serve as chairman of the executive sessions of the independent Directors of the Company; serve as principal liaison between the independent Directors of the Company and the Chairman of the Board and between the independent Directors and senior management; provide the Chairman of the Board with input as to the preparation of the agendas for Board meetings; advise the Chairman of the Board as to the quality, quantity and timeliness of the information submitted by the Company's management that is necessary or appropriate for the independent Directors to effectively and responsibly perform their duties; ensure that independent Directors have adequate opportunities to meet and discuss issues in executive sessions without management present; if the Chairman of the Board is

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unable to attend a Board meeting, act as chairman of such Board meeting; and perform such other duties as the Board shall from time to time delegate.

Bernard L. Kasten, M.D. has served as Lead Independent Director since March 2011. The Lead Director role was established in October 2005.

The Lead Independent Director Charter is available on the Company's website at [www.enzo.com](http://www.enzo.com), and in print to any interested party that requests it by contacting Investor Relations at (212) 583-0100.

### **Board Nomination Policies and Procedure**

**Nomination Procedure**—The Nominating and Corporate Governance Committee is responsible for identifying, evaluating and recommending candidates for election to the Board, with due consideration for recommendations made by other Board members, the CEO and other sources, including shareholders. The total cumulative length of time that any Outside Director (a member of the Board who is not an officer or employee of the Company) may serve on the Board is limited to a maximum of three three-year terms, whether consecutively or in total, plus any portion of an earlier three-year term that such Outside Director may have been appointed to serve. The Nominating and Corporate Governance Committee also considers the appropriate balance of experience, skills, and characteristics desirable among the members of the Board to maintain a diverse Board of Directors. The independent members of the Board review the Nominating and Corporate Governance Committee candidates and nominate candidates for election by the Company shareholders. The Nominating and Corporate Governance Committee will consider candidates for election to the Board recommended by shareholders of the Company. The procedures for submitting shareholder recommendations are explained below under “Shareholder Proposals” on page 41.

Directors must also possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of all shareholders. Board members are expected to diligently prepare for, attend and participate in Board and applicable Committee meetings. Each Board member is expected to ensure that other existing and future commitments do not materially interfere with the member's service as a Director.

The Nominating and Corporate Governance Committee also reviews whether a potential candidate will meet the Company's independence standards and any other Director or Committee membership requirements imposed by law, regulation or stock exchange rules.

The Nominating and Governance Committee will consider, among other factors, the following to evaluate recommended nominees:

The Board's current composition, including expertise, diversity, balance of management and non-management directors;

Independence and other qualifications required or recommended by applicable laws, rules and regulations (including NYSE requirements) and the Company's policies and procedures; and

The general qualifications of potential nominees, including, but not limited to: personal integrity, loyalty to the Company and concern for its success and welfare; experience at strategy and policy setting; high-level leadership experience in business; breadth of knowledge about issues affecting Enzo Biochem; an ability to work effectively with others; sufficient time to devote to the Company; and freedom from conflicts of interest.

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Director candidates recommended to the Committee are subject to full Board approval and subsequent election by the shareholders. The Board is also responsible for electing Directors to fill vacancies on the Board that occur due to retirement, resignation, expansion of the Board or other reasons between the Shareholders' annual meetings. The Nominating and Corporate Governance Committee may retain a recruitment firm, from time to time, to assist in identifying and evaluating Director candidates. When a firm is used, the Committee provides specified criteria for Director candidates, tailored to the needs of the Board at that time, and pays the firm a fee for these services. Suggestions for Director candidates are also received from Board members and management and may be solicited from professional associations as well.

### **Audit Committee**

The Audit Committee was established by and among the Board for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Audit Committee is authorized to review proposals of the Company's auditors regarding the annual audit, recommend the engagement or discharge of the auditors, review recommendations of such auditors concerning accounting principles and the adequacy of internal controls and accounting procedures and practices, review the scope of the annual audit, approve or disapprove each professional service or type of service other than standard auditing services to be provided by the auditors, and review and discuss the audited financial statements with the auditors. The current members of the Audit Committee are Messrs. Bortz and Perlisky and Dr. Kasten. Mr. Bortz has been the Chairman since November 2010. The Board has determined that each of the Audit Committee members is independent, as defined in the NYSE's listing standards and applicable SEC Rules. The Board has further determined that Mr. Bortz is an "audit committee financial expert" as such term is defined under Item 407(d)(5)(ii) of Regulation S-K promulgated under the Exchange Act, and that each director is financially literate as required under the NYSE listing standards.

### **Executive Officers**

Set forth below is the name, age and title of each executive officer of the Company followed by a summary each executive's and key employee's background.

## Executive Officers and Key Employee

Executive officers are elected by and serve at the discretion of the Board of Directors (the “Board”) of Company. The names of our current executive officers and key employee, their ages and their positions with the Company are set forth below, followed by certain other information about them.

The executive officers and key employees of the Company and its subsidiaries are identified in the table below.

Name	Age	Year Became a Director, Executive Officer, or Key Employee	Position
Elazar Rabbani, Ph.D.	72	1976	Chairman of the Board, Chief Executive Officer and Secretary
Barry W. Weiner	65	1977	President, Chief Financial Officer, Principal Accounting Officer, Treasurer and Director
James M. O’Brien	49	2014	Executive Vice President, Finance
David C. Goldberg	58	1995	General Manager of Enzo Clinical Labs, Vice President, Corporate Development
Dieter Schapfel, M.D.	52	2014	Chief Medical Director, Enzo Clinical Labs

## Biographical Information Regarding Executive Officers and Key Employee

**ELAZAR RABBANI, Ph.D.** is an Enzo Biochem founder and has served as the Company’s Chairman of the Board and Chief Executive Officer since its inception in 1976 and Secretary since November 25, 2009. Dr. Rabbani has authored numerous scientific publications in the field of molecular biology, in particular, nucleic acid labeling and detection. He is also the lead inventor of many of the Company’s pioneering patents covering a wide range of technologies and products. Dr. Rabbani received his Bachelor of Arts degree from New York University in Chemistry and his Ph.D. in Biochemistry from Columbia University. He is a member of the American Society for Microbiology.

**BARRY W. WEINER**, President, Chief Financial Officer, Principal Accounting Officer and Director is also a founder of Enzo Biochem. He has served as the Company’s President since 1996, and previously held the position of Executive Vice President. Before his employment with Enzo Biochem, he worked in several managerial and marketing positions at the Colgate Palmolive Company. Mr. Weiner is a member of the New York Biotechnology Association. He received his Bachelor of Arts degree in Economics from New York University and his Master of Business Administration in Finance from Boston University.



**JAMES M. O'BRIEN**, Executive Vice President, Finance, joined Enzo Biochem in February 2014 as Senior Vice President, Finance and is responsible for leading and managing all activities for our Corporate and Business Unit Financial functions. Mr. O'Brien has held leadership positions for Corporate and Business Unit budgeting and forecasting, SEC Reporting, Internal Controls and Accounting Operations for large and small multi-national public companies in the pharmaceutical, consumer products and manufacturing industries. From 2010 to 2013, Mr. O'Brien was Vice President and Corporate Controller for Allergen, plc. (formally Actavis, plc) a global specialty pharmaceutical company. From 1998 to 2010, Mr. O'Brien held senior level finance leadership roles at Nycomed US, Aptuit, Inc., Purdue Pharma LLP and Bristol Myers Squibb Company. From 1988 to 1998, Mr. O'Brien was with PricewaterhouseCoopers LLP. He received his Bachelor of Arts degree from George Washington University and his Master of Business Administration from Fordham University. Mr. O'Brien is a Certified Public Accountant.

**DAVID C. GOLDBERG**, Vice President of Corporate Development for Enzo Biochem, has been employed with the Company since 1985. He also held several other managerial positions within Enzo Biochem. Mr. Goldberg also held management and marketing positions with DuPont-NEN and Gallard Schlesinger Industries before joining the Company. He received his Master of Science degree in Microbiology from Rutgers University and his Master of Business Administration in Finance from New York University.

**DIETER SCHAPFEL, M.D.**, Chief Medical Director for Enzo Clinical Labs, has been employed with the Company since 2012, initially as a consulting pathologist. Dr. Schapfel served as Medical Director of Pathology at Southside Hospital – North Shore/Long Island Jewish Health System from 2006 to 2012. Dr. Schapfel served as a staff pathologist at Huntington Hospital from January 2004 to June 2006. Dr. Schapfel served as Director of Pathology and Medical Affairs and the College of American Pathologists Director of Pathology, Dublin, Ireland and Farmingdale, NY for Icon Laboratories from February 2002 to October 2003. Dr. Schapfel is a graduate of the State University of New York at Stony Brook, College of Medicine, where he also served his residency. He is a diplomat of the American Board of Pathology with certification in Anatomic and Clinical Pathology and is also a diplomat of The National Board of Medical Examiners.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires the Company’s executive officers, Directors and persons who beneficially own more than 10% of a registered class of the Company’s equity securities (collectively, “Reporting Persons”) to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company within two business days. Such executive officers, Directors and greater than 10% beneficial owners are required by Securities and Exchange Commission regulation to furnish the Company with copies of all Section 16(a) forms filed by such Reporting Persons. Based solely on a review of the copies of such forms furnished to us and on written representations that no Form 5 was required to be filed, we believe that, during the fiscal year ended July 31, 2015, all of our directors and executive officers timely complied with the Section 16(a) filing requirements.

### **Code Of Ethics**

The Company has adopted a Code of Ethics (as such term is defined in Item 406 of Regulation S-K). The Code of Ethics is available on the Company’s website at [www.enzo.com](http://www.enzo.com), and in print to any shareholder that requests it by contacting Investor Relations at (212) 583-0100. The Code of Ethics applies to the Company’s employees, officers and members of the Board. The Code of Ethics has been designed to deter wrongdoing and to promote:

- Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
- Full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company
- Compliance with applicable governmental laws, rules and regulations

The prompt internal reporting or violations of the Code of Ethics to an appropriate person or persons identified in the Code of Ethics and

· Accountability for adherence to the Code of Ethics.

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**ITEM 11. Executive Compensation.****Director Compensation**

The following table sets forth the information concerning compensation earned during our fiscal year ended July 31, 2015 by all non-employee Directors (table format below):

Name	Fees Earned or Paid in Cash	Restricted Stock/Stock Option Awards (1)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings	All Other Compensation	Total
Barnard L. Kasten, M.D. Lead Director	\$87,500	\$ 89,085	—	—	\$ 176,585
Gregory M. Bortz, Director	\$72,500	\$ 89,085	—	—	\$ 161,585
Dov Perlysky, Director	\$62,500	\$ 89,085	—	—	\$ 151,585

(1) Represents the grant fair value on the respective grant date for the fiscal year ended July 31, 2015, in accordance with accounting authoritative guidance. The assumptions used in calculating these amounts are set forth in Notes 1 and 10 to the Company's consolidated financial statements for the fiscal year ended July 31, 2015, included in the Company's Form 10-K filed with the SEC on October 13, 2015.

**Compensation Discussion and Analysis**

The Compensation Committee of our Board oversees our executive compensation program. In this role, the Compensation Committee reviews and approves all compensation decisions relating to our Named Executive Officers. The Compensation Committee also reviews and approves all equity awards for all employees except for annual amounts pre-approved for granting by the Chief Executive Officer or President for non-officers or new employees in connection with employment offers.

The Company strives to apply a uniform philosophy to compensation for all of its employees. This philosophy is based on the premise that the achievements of the Company result from the combined and coordinated efforts of all employees working toward common objectives.

*Say-on-Pay Feedback from Shareholders*

At our 2011 Annual Meeting of Shareholders, a majority of our shareholders voted to support an annual vote on our executive compensation and, in response, our Compensation Committee determined to hold an annual advisory vote on the matter. Annually, our Compensation Committee intends to review the results of the advisory vote and will consider this feedback as it completes its annual review of each pay element.

At our 2014 Annual Meeting of Shareholders, a majority of the shares that were voted were cast in favor of our say-on-pay proposal. In response to these voting results, during 2015, our senior management team and Board made additional efforts to engage and gather feedback from our shareholders regarding our executive compensation programs to better understand our shareholders' views on executive compensation and address any concerns they had. Our outreach program during 2015 included the following:

· numerous in-depth discussions and dialog throughout the year between senior management, the Chairman of the Compensation Committee and our shareholders,

· examination of reports and analysis issued by principal proxy advisory firms,

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- analysis of compensation practices at peer companies; and
- advice from the Compensation Committee's independent compensation consultant.

During 2015, we engaged in discussions with approximately 80% of our top 20 shareholders that own over 47% of our outstanding shares and in total, unaffiliated shareholders owning nearly 52% of our outstanding shares. We believe our executive compensation program is aligned with shareholder interests and feedback received has been incorporated into the Compensation Committee's evaluation of executive performance. While we received feedback on a variety of subjects, investors generally supported the long-term focus of our executive compensation program, and in fact noted that the non-equity based compensation of our executive officers was low compared to our peer group. Among the comments was a question as to why the Compensation Committee's decided to hold unchanged the CEO and President base salary for the last four years.

The feedback of our shareholders and the operating performance of the Company were significant factors that impacted 2015 executive compensation. Because of the decline in the market price of the Common Stock during fiscal 2015, the cash compensation for each of our executive officers did not increase in fiscal 2015 compared to fiscal 2014 (with the exception of James O'Brien whose compensation increased as a result of his promotion to Executive Officer and given that 2015 was his first full year of service to the Company). The Company's total three fiscal year average shareholder return improved significantly to 26% from 8% in fiscal 2014.

The Compensation Committee will continue to solicit and consider our shareholders' views when making future decisions regarding the structure of our executive compensation programs and the formulation of performance criteria with a goal of aligning executive performance with stockholder long-term growth.

### ***Objectives and Philosophy of Our Executive Compensation Program***

The primary objectives of the Compensation Committee with respect to executive compensation are to:

- align executives' incentives with the creation of shareholder value; and
- align executive compensation with our corporate business objectives and performance;
- promote the achievement of key strategic and financial performance objectives through cash and equity incentives;

align executive compensation with comparable companies in our industry sectors to attract, retain and motivate the best possible executive talent.

We award long term incentive compensation in the form of stock options or restricted stock awards that vest over time. We believe this practice helps to retain our executives and aligns their interests with those of our shareholders by allowing them to participate in the longer term success of our Company as reflected in stock price appreciation. We believe that the use of time-vested stock options and restricted stock minimizes the likelihood of risky behavior and risky decision making that would be influenced by opportunities for short-term gains.

To achieve these objectives, the Compensation Committee evaluates senior management, with input from our CEO, with the goal of setting compensation at levels the Compensation Committee believes are competitive with those of other companies in our industry that compete with us for executive talent. The Compensation Committee also conducts an annual evaluation of the CEO in addition to senior management evaluations. Our Compensation Committee considers key financial, strategic and operational objectives, including but not limited to: maintenance of customer base, award of new patents, intellectual property protection, advancement of strategic alliances, operational efficiencies, M&A activity, licensing, clinical trial progress, new product introductions, provider contracts, investor relations, corporate governance, and our financial and operational performance, as quantified by measures at the consolidated level and for each of the operating segments.

The Compensation Committee uses a peer group of publicly traded companies which they believe have business life cycles, revenues, market capitalizations, products, research and development investment levels and/or number/capabilities of employees that are roughly comparable to ours and against which the Compensation

Committee believes we compete for executive talent. The Compensation Committee has retained Arthur Gallagher & Company, Human Resources & Compensation Consulting (formerly James F. Reda & Associates) (“Consultant”) as an independent compensation consultant. The Company’s senior management, with the assistance of the Consultant, compiled a list of peer companies. Since 2005, the Consultant has analyzed the executive compensation programs of these companies and issued reports to the Compensation Committee, the latest in November 2015. The Consultant advised the Compensation Committee during the fiscal 2015 compensation process that the total executive compensation was below the midpoint of executive compensation of the Company’s peer group. For fiscal 2015, the Compensation Committee intended to keep fiscal 2015 compensation at or near the prior year levels and used the fiscal 2015 market review to confirm that compensation below the midpoint of market range. The Consultant, with recommendations from senior management previously modified the peer company list during the 2015 proxy season to better reflect changes at the Company, with respect to operating segment significance, changes within the industries that the Company operates and changes among companies included in the peer group.

The companies that were included in the most recent peer group are as follows:

- Adamas Pharmaceuticals, Inc.
- Meridian Biosciences, Inc.
- Affymetrix Inc.
- Momenta Pharmaceuticals, Inc.
- Amag Pharmaceuticals, Inc.
- Nanostring Pharmaceuticals, Inc.
- Array Biopharma, Inc.
- Neogenomics, Inc.
- CTI Biopharma Corporation
- Orasure Technologies, Inc.
- Fluidigm Corporation
- Pacific Biosciences of California
- Foundation Medicine, Inc.
- Progenics Pharmaceuticals, Inc.
- Genomic Health, Inc.
- Repligen Corporation
- Harvard Biosciences, Inc.
- Sequenom, Inc.
- Luminex Corporation
- Spectrum Pharmaceuticals, Inc.
- Vanda Pharmaceuticals, Inc.

We compete with many other companies for executive personnel. The Compensation Committee generally targets total compensation for executives to be no higher than the 50<sup>th</sup> percentile of total compensation paid to similarly situated executives of the companies in the peer group.

The Compensation Committee may adjust compensation levels, upon consideration of the relevant drivers relating to the life sciences, clinical diagnostics or therapeutics industries we operate in, with respect to an executive’s individual



experience and performance level, and the overall performance of the Company.

The Compensation Committee met three times in fiscal 2015 in order to review and approve our compensation for named executives and non-employee Directors, and approve equity awards for all employees. The results of the Compensation Committee activities were reported to the Board.

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*Components of our Executive Compensation Program*

The primary elements of our executive compensation program are:

- base salary;
- equity awards;
- non-equity incentive plan compensation;
- benefits and other compensation; and
- severance and change in control benefits.

Base Salary

Base salary levels recognize the experience, skills, knowledge and responsibilities of each executive's position within the Company.

Exclusive of the base salaries that are contractual, base salaries are reviewed annually by the Compensation Committee, and may be adjusted from time to time to realign salaries with market levels and among our peer group after taking into account individual responsibilities, performance, experience and cost of living. Base salaries also may be increased for merit reasons, based on the executive's success in meeting or exceeding individual performance objectives, promoting our core values and demonstrating leadership abilities.

The base salaries of the two founders, Dr. Elazar Rabbani, our Chairman of the Board, Chief Executive Officer, Secretary and Director and Mr. Barry Weiner, our President, Chief Financial Officer, Principal Accounting Officer, Treasurer and Director are set in accordance with the terms of executed employment agreements with each individual. Pursuant to the terms of their respective employment agreements, Dr. Rabbani and Mr. Weiner are currently at a base annual salary of \$555,475 and \$492,708, respectively. The Compensation Committee has not increased base salaries since January 2012, with the exception of Mr. O'Brien who received base salary increase upon his promotion to Executive Vice President, Finance.

Non-Equity Incentive Compensation

The Company adopted a “Pay for Performance” Plan (the “Plan”) for the Named Executive Officers and key management personnel to align incentive pay with performance as set forth with the individual based on their role with the Company. The performance goals for the Named Executive Officers and the annual performance awards are determined and approved by the Compensation Committee annually. The Plan provides for performance measures based on financial and non-financial measures and rewards for achievement for targets attained and/or improvements realized.

The weights on financial performance measures vary for Corporate and Divisional officers from 30% to 60% and include trade and service revenue growth, planned improvement in margins (divisional only), profitability and cash flows, with adjustments for non-recurring, uncontrollable events impacting revenues, expenses or cash flow beyond the control of management and certain legal expenses over the prior fiscal year. The Compensation Committee chose these measures for fiscal 2014 and 2015 because they believe they are aligned with our core operating performance for fiscal 2014 and 2015 which focused on the business improvement over the prior year.

The weights on non-financial performance measures are between 40% and 70% and include strategic, operational and individual goals. Strategic and operational measures for fiscal 2015, depending on whether a Corporate or Divisional Named Executive Officer, include among others, implementation of cost reductions, process and infrastructure improvements, business and technology advancement, advancement of partnering arrangements and litigation proceedings, customer satisfaction, quality assurance and employee satisfaction. Individual performance measures which ranged from 10% to 30% of target goals include communication, leadership and process improvement. The measures provide for Threshold, Target and Maximum awards and are based on various ranges of performance. All of the Named Executive Officers received non-equity incentive awards below the target for fiscal 2015. The following achievements of the Company were used to assess the achievement with these target goals.

The Company reached favorable legal settlements that provided \$11.5 million of additional working capital to enable the company to execute on its business strategy

The Company expanded the company’s platform technologies platforms with the approval of Flowscript™ HPV E6/E7 assay and validation of the AmpProbe™ HCV assay

Gross margins increased by 500 basis points in the clinical lab with emphasis on operational excellence and expanded market reach

The Company's utilization of a low cost, non-dilutive controlled equity offering (ATM) to provide capital to support legal efforts

The strengthening of the Company's balance sheet with the above mentioned legal settlements, and strong operating performance of the business segments thereby allowing for an increase in our investments in technology based assets. The Company's completion of the most successful cycle of regulatory inspections in the last 10 years.

The corporate financial measures applicable to the Chief Executive Officer, President, Executive VP Finance and VP Corporate Development, inclusive of adjustments, include revenue, operating loss improvement, and cash flow from operations improvement, which are equally weighted and averaged for the final results. The measures used for fiscal 2015 for the named executive officers and corresponding payouts are as follows:

(in millions)	Threshold	Target	Maximum	Achieved
Financial Performance Measures—Revenue				
Corporate Revenues—trade and service	\$ 89.9	\$ 99.9	\$ 109.9	\$ 95.1
Payout—Revenue	75	% 100	% 150	% 95
Financial Performance Measures—Profit & Cash Flow				
Corporate operating loss improvement.	\$ 0.5	\$ 0.7	\$ 0.8	\$ 5.9
Corporate cash flow from operations improvements	\$ 0.3	\$ 0.4	\$ 0.4	\$ 4.3
Payout—Profits & Cash Flow	80	% 100	% 150	% 150

In connection with the Plan, Dr. Rabbani was eligible for a maximum bonus of 75% of base salary for the fiscal year ended July 31, 2015. Dr. Rabbani was above threshold performance for his financial goals and at target performance for his non-financial goals and was awarded a bonus of \$375,000, which represented 68% of his base pay. In reviewing the CEO's performance, the Compensation Committee recognized Dr. Rabbani's broad contributions in the achievements listed above in his role as Chairman of the Board, including oversight of and increases to our technology platform and scientific product development, recruitment of new members of executive and scientific management, setting strategy for business development, implementing process improvement directly impacting financial performance and integration and realignment of our operating sites and oversight and protection of intellectual property, including outstanding patent litigation matters. In fiscal 2015, the CEO's efforts contributed to the favorable results in patent litigation cases and the advancement of other outstanding patent litigation matters.

In connection with the Plan, Mr. Weiner was eligible for a maximum bonus of 60% of base salary for the fiscal year ended July 31, 2015 under the Plan. Mr. Weiner was above threshold performance for his three financial goals and at target performance for his non-financial goals and was awarded a bonus of \$265,000 which represented 54% of his base pay. The Compensation Committee recognized Mr. Weiner's contributions in strategic planning, financial management, including our Company's financial position and liquidity, corporate governance, communication efforts with our shareholders, investors and outside analysts, managing relationships with investment bankers for equity raise

opportunities, oversight of the finance group and compliance with the Company's Section 404 Sarbanes Oxley requirements, role in recruitment of new management personnel and divisional management,

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leadership role among the divisional executives, execution of a planned cost reduction across all operating units, assistance with patent litigation cases and the successful financing transactions in fiscal 2015.

In connection with the Plan, Mr. James M. O'Brien was eligible for a maximum bonus of 35% of base salary under the Plan. The Compensation Committee reviewed the recommendation from our CEO with respect to Mr. O'Brien's performance in meeting the non-financial objectives including, enhancing our financial reporting internally and to the Board and the Audit Committee, participation in and achievements in the project to reduce operating and corporate costs, including third party contracts insurance program, benefit plans and professional fees, monitoring internal controls and Section 404 Sarbanes Oxley requirements, recruiting staff to the finance group and leadership role among our finance group and specifically in 2015 directly managed financing and equity activities. Mr. James M. O'Brien was above threshold performance for his three financial goals and exceeded threshold performance for his three non-financial goals and was awarded a bonus of \$70,000, which represented 25% of his base pay. This amount was greater than the prior year given that 2015 represented Mr. O'Brien's first full year of service to the Company.

In connection with the Plan, Mr. Goldberg was eligible for a maximum bonus of 35% of base salary under the Plan. The Compensation Committee reviewed the recommendation from our CEO with respect to Mr. Goldberg's performance in meeting non-financial objectives listed above, including, expanding our corporate development and relations with industry leaders and investment bankers, his integral role in the cost reduction program, his direct execution of plan to integrate cross functional personnel and product development within operating units, preparing strategic business plan for molecular diagnostics, expanding tests in strategic areas and improving efficiencies through greater automation. Mr. Goldberg was above threshold performance for his three financial goals and exceeded threshold performance for his three non-financial goals and was awarded a bonus of \$65,000, which represented 30% of his base pay.

#### Stock Options and Restricted Stock Awards

The Compensation Committee awards either stock options or restricted stock as the primary vehicle for long-term incentives to our executives, including our Named Executi