

S&P Quality Ranking: **B+** Standard & Poor's Fair Value Rank : **5+**

BRLI has an approximate 0.14% weighting in the **S&P SmallCap**

**Sector:** Health Care  
**Sub-Industry:** Health Care Services  
**Peer Group:** Diagnostic Test Services

**Summary:** This independent regional clinical laboratory offers its services in the greater New York metropolitan area.

**Quantitative Evaluations**

**S&P Quality Ranking : B+**



**S&P Fair Value Rank: 5+**



**Fair Value Calc: \$35.00** (Undervalued)

**S&P Investability Quotient Percentile**



BRLI scored higher than 94% of all companies for which an S&P Report is available.

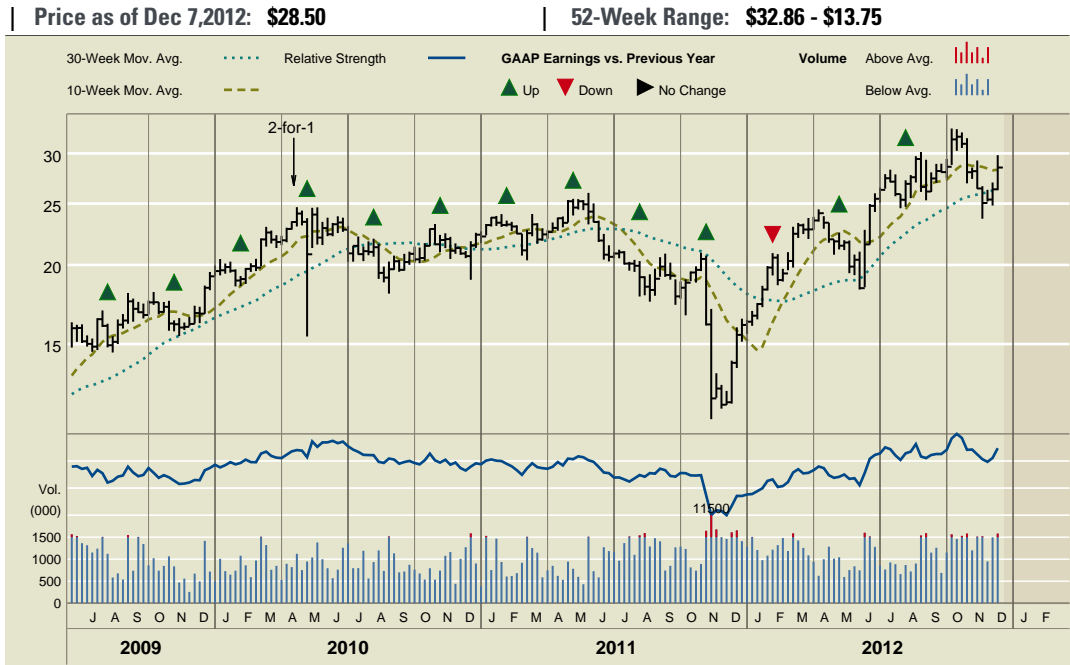
**Volatility: High**



**Technical Evaluation: BEARISH**

Since November, 2012, the technical indicators for BRLI have been BEARISH.

**Relative Strength Rank: Strong**



Options: CBOE, Ph, P

**Investment Strategy**

Key financial variables to consider in assessing the investment merits of an industrial company are the following:

**Sales:** What is the trend? Is future sales growth expected to be greater than the past 5-year and 9-year growth average? Accelerating sales growth ultimately provides the fuel behind earnings growth.

**Net Margin:** As a key measure of company profitability, a rising net margin assesses management capability to wring out more net income from incremental sales.

**% LT Debt to Capitalization:** A rising percentage implies greater financial risk, all else being equal. Rising debt leverage without a concomitant rise in Return on Equity should raise warning signals of potential cash flow problems. Percentages above 40%-50% should also be considered a warning.

**% Return on Equity:** A key performance measurement of capital efficiency assesses what investment returns management can earn on a company's existing capital base. A sustained percentage above 20% is considered above average.

**Key Growth Rates and Averages**

Past Growth Rate (%)	1 Year	3 Year	5 Year	9 Year
Sales	21.97	23.22	23.22	22.01
Net Income	37.83	31.30	26.01	23.51

**Ratio Analysis (Average)**

Net Margin	6.51	6.10	5.81	5.76
%LT Debt to Capitalization	7.44	7.73	7.15	7.56
% Return on Equity	21.25	19.88	18.89	19.82

**Revenues/Earnings Data** Fiscal year ending Oct. 31

	Revenues (Million \$)					
	2012	2011	2010	2009	2008	2007
1Q	149.9	121.7	99.26	75.74	66.88	53.72
2Q	163.4	137.7	110.5	87.18	75.18	60.95
3Q	172.3	148.0	121.7	97.42	77.78	65.96
4Q	--	151.3	126.6	102.3	81.24	69.80
Year	--	558.6	458.0	362.7	301.1	250.4

	Earnings per Share (\$)					
	2012	2011	2010	2009	2008	2007
1Q	0.26	0.28	0.15	0.13	0.08	0.07
2Q	0.33	0.28	0.21	0.17	0.13	0.12
3Q	0.45	0.36	0.29	0.23	0.17	0.17
4Q	--	0.37	0.31	0.26	0.19	0.17
Year	--	1.29	0.94	0.79	0.56	0.51

**Next earnings report expected: Early December**

Historical GAAP earnings are as reported.

**Key Stock Statistics**

Average Daily Volume	<b>0.350 mil.</b>	Beta	<b>0.94</b>
Market Capitalization	<b>\$0.792 Bil.</b>	Trailing 12 Month EPS	<b>\$1.42</b>
Institutional Holdings (%)	<b>87</b>	12 Month P/E	<b>20.1</b>
Shareholders of Record	<b>275</b>	Current Yield (%)	<b>Nil</b>

Value of \$10,000 Invested five yrs Ago : **\$16,356**

**Please read the required disclosures and Reg. AC certification on the last page of this report.**

This report was prepared by Standard & Poor's Quantitative Services.

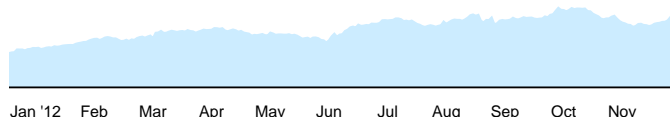
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**Wall Street Opinions/Average (Mean) Opinion: Buy**

	No. of Ratings	% of Total	1 Mo. Prior	3 Mo. Prior
Buy	4	80	4	4
Buy/Hold	0	0	0	0
Hold	1	20	1	2
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
<b>Total</b>	<b>5</b>	<b>100</b>	<b>5</b>	<b>6</b>

**Insider Moves**

Insider Buys Insider Sells Price History



**Dividend Data**

No Dividend Data Available

**Company Financials** Fiscal year ending Oct. 31

Per Share Data & Valuation Ratios (\$)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tangible Book Value	5.70	4.37	3.56	2.79	2.27	1.72	1.49	2.43	0.95	0.67
Cash Flow	1.82	1.36	1.13	0.86	0.75	0.61	0.46	0.44	0.32	0.25
Earnings	1.29	0.94	0.79	0.56	0.51	0.43	0.29	0.34	0.26	0.20
Dividends	NA	Nil	Nil	NA	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	NA	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	25.99	24.67	19.95	NA	17.90	12.89	9.65	11.47	10.09	5.80
Prices:Low	11.41	15.42	10.14	NA	11.00	7.93	6.32	5.30	2.03	2.46
P/E Ratio:High	20	26	25	NA	35	30	33	34	40	30
P/E Ratio:Low	9	16	13	NA	22	19	22	16	8	13

**Income Statement Analysis (Million \$)**

Revenue	559	458	363	301	250	193	164	136	109	96.6
Operating Income	74.5	59.7	48.1	36.9	31.9	23.0	16.8	65.2	11.0	7.62
Depreciation	15.0	11.8	9.77	8.39	6.83	5.07	4.21	2.60	1.72	1.55
Interest Expense	1.75	1.57	1.51	2.14	2.41	1.41	1.23	0.67	0.70	0.89
Pretax Income	64.9	47.0	38.6	26.7	22.9	16.7	11.5	12.2	8.60	5.22
Effective Tax Rate	44%	44%	43%	41%	39%	33%	34%	30%	24%	5.76%
Net Income	36.4	26.4	21.9	15.6	14.0	11.3	7.62	8.52	6.54	4.92

**Balance Sheet & Other Financial Data (Million \$)**

Cash	22.0	17.8	17.0	12.7	11.9	8.95	4.30	6.68	3.97	3.40
Current Assets	170	147	140	120	109	84.6	63.2	50.8	38.7	34.4
Total Assets	283	244	197	172	155	120	88.4	72.2	53.2	47.4
Current Liabilities	57.2	62.9	64.5	61.0	59.8	44.6	32.7	27.0	21.1	21.7
Long Term Debt	15.3	11.4	12.0	5.73	6.77	7.09	3.96	4.15	2.13	1.42
Common Equity	190	152	125	102	85.3	68.8	50.7	40.7	29.9	24.1
Total Capital	205	164	137	108	93.2	75.9	55.6	45.2	32.1	25.6
Capital Expenditures	14.1	16.5	8.75	7.82	7.74	2.86	2.86	3.54	1.11	0.43
Cash Flow	51.4	38.2	31.6	24.0	20.8	16.4	11.8	11.1	8.26	6.47
Current Ratio	3.0	2.3	2.0	2.0	1.8	1.9	1.9	1.9	1.8	1.6
% Long Term Debt of Capitalization	7.4	7.0	8.8	7.9	7.3	9.3	7.1	9.2	6.6	5.6
% Net Income of Revenue	6.5	5.8	6.0	5.2	5.6	5.8	4.6	6.3	6.0	5.1
% Return on Assets	13.8	12.0	11.8	9.6	10.2	10.8	9.5	13.6	13.0	10.8
% Return on Equity	21.3	19.1	19.3	16.7	18.1	18.9	16.7	24.1	24.2	23.1

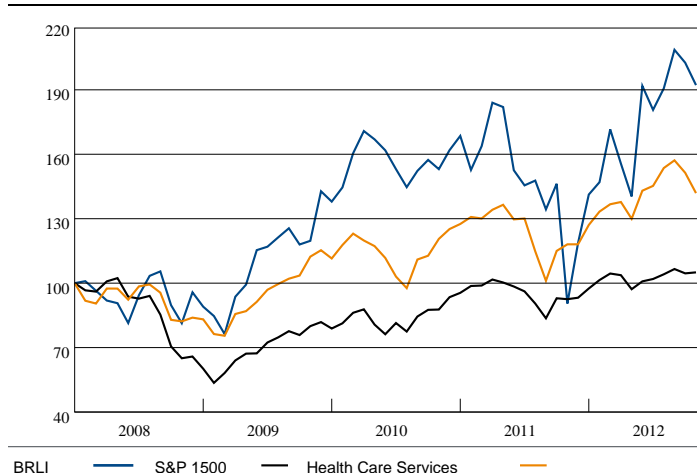
Data as orig. reptd; bef. results of disc opers/spec. items. Per share data adj. for stk. divs. as of ex-div date. NA-Not Available. NM-Not Meaningful. NR-Not Ranked.

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CFD, Chief Acctg Officer & SVP: S. Singer  
Dir: J. Bonincasa, H. Dubinett, H. Elias, M. D. Grodman, G. Lederman, J. Roglieri, S. Singer  
EVP & COO: H. Dubinett  
CIO: R. L. Faherty

SVP: J. Weisberger  
Investor Contact: Tara Mackay(201-791-2600)  
Founded: 1981  
Domicile: New Jersey  
Employees: 3,155

**Stock Performance**



	Company(%)	Industry(%)	S&P 1500(%)
YTD Return	75.2	20.5	12.8
One Year Return	128.7	20.1	12.5
Three Year Return (% Annualized)	19.1	7.6	9.2
Five Year Return (% Annualized)	10.3	6.7	-0.7
Value of \$10,000 Invested 5 Years Ago	\$16,356	\$13,826	\$9,631

Sub-Industry Outlook

Our fundamental outlook for the health care services sub-industry for the next 12 months is positive. We think most services, including rehabilitation services, clinical laboratories and dialysis, will continue to benefit from favorable demographics. Partly offsetting has been increased pressure to reduce government spending, raising the possibility of Medicare reimbursement rate cuts. In November 2011, the Congressional Super Committee failed to identify \$1.5 trillion of savings/spending cuts, thereby triggering automatic spending cuts including a 2% Medicare cut in 2013. But we think Congress is likely to reach new agreements in early 2013 that could mitigate any Medicare rate cut.

We are optimistic on clinical labs. Although weak employment cut physician office visits in 2011 by 3%-5%, we believe the market has stabilized. As a result, we believe labs will benefit from higher volumes, an increase in tests per requisition, and an increase in esoteric tests, which we see spurring revenue growth beyond mid-single digit levels. Meanwhile, in lieu of a health care reform tax, clinical labs agreed to a 1.75% cut in the Medicare lab fee schedule in each of the five years starting with 2011. We believe the expansion of coverage to an additional 32 million Americans via health care reform, to be phased in from 2014-2019, will outweigh the impact of lower reimbursement rates. In late June, the Supreme Court upheld the health care reform law, and President Obama's re-election clears the path for implementing the remaining components of the law.

We are positive on the dialysis group on our view of favorable patient demographics. We see the

industry successfully navigating the bundled payment system enacted in 2011, which resulted in most providers opting for an immediate 4.1% rate cut rather than phased-in cuts, to ease the administrative burden. In July 2012, CMS proposed a 2013 net rate increase of 2.5%. We expect providers to see higher treatment margins due to lower drug costs and utilization. But in our view, providers are reliant on maintaining their commercial payor base, as these rates are much higher than those offered by Medicare.

We remain positive on pharmacy benefit managers (PBMs). We see PBMs benefiting from the billions of dollars of branded drugs slated to lose patent protection in coming years. Increased generic drug usage would increase PBMs' profitability. We see PBMs as a beneficiary of health care reform, as the increase in insured patients will drive prescription demand.

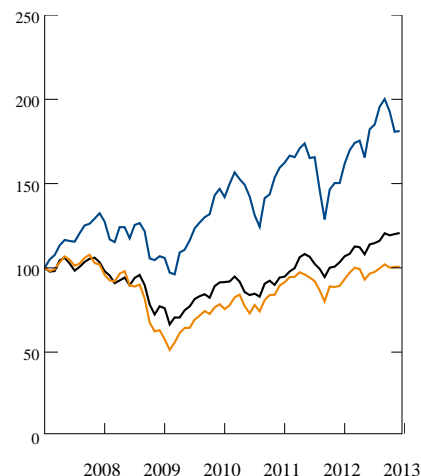
Year to date to November 9, the S&P Health Care Services Index rose 19.2%, while the S&P 1500 Composite Index was up 9.7%.

--Jeffrey Loo, CFA

Stock Performance

GICS Sector: Health Care  
Sub-Industry: Health Care Services

Based on S&P 1500 Indexes  
Month-end Price Performance as of 11/30/12



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Health Care Services Peer Group\*: Diagnostic Test Services

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Bio-Reference Labs	BRLI	792	28.50	32.86/13.75	0.94	Nil	20	35.00	B+	94	6.5	7.4
Alliance HealthCare Services	AIQ	63	1.22	2.19/0.72	0.80	Nil	NM	NA	C	11	NM	114.9
Laboratory Corp Amer Hldgs	LH	8,262	85.00	95.30/80.52	0.58	Nil	14	108.80	B+	99	9.6	43.8
Psychemedics Corp	PMD	57	10.85	12.49/8.50	0.85	5.5	18	NA	B+	93	14.5	NA
Quest Diagnostics	DGX	9,261	58.26	64.87/53.25	0.64	2.1	14	65.00	A-	99	6.8	47.4

NA-Not Available NM-Not Meaningful NR-Not Rated. \*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

**S&P Analyst Research Notes and other Company News****December 6, 2012**

UP 1.74 to 29.05... BRLI posts \$0.46 vs. \$0.37 Q4 EPS on 16% higher revenue. Says it believes its Q4 FY 12 EPS would have been about \$0.06 higher, or \$.52 per share, absent the effect of Hurricane Sandy in late October.

**August 31, 2012**

Bio-Reference Laboratories Inc. reported unaudited earnings results for the third quarter and nine months ended July 31, 2012. For the quarter, the company reported net revenues of \$172,302,000 against \$148,029,000 a year ago. Operating income was \$22,674,000 against \$18,409,000 a year ago. Income before taxes was \$22,182,000 against \$17,993,000 a year ago. Net income was \$12,596,000 against \$10,081,000 a year ago. Basic and diluted income per share was \$0.45 against \$0.36 a year ago. Cash flow from operations was \$13 million, clearly improved from being just short of \$1.5 million for the same period last year. For the nine months, the company reported net revenues of \$485,609,000 against \$407,345,000 a year ago. Operating income was \$52,728,000 against \$40,439,000 a year ago. Income before taxes was \$51,549,000 against \$45,992,000 a year ago. Net income was \$29,267,000 against \$25,883,000 a year ago. Diluted income per share was \$1.05 against \$0.92 a year ago. Operating cash flow was just under \$37 million compared to \$4 million for the first nine months of last year. The company re-affirmed its guidance for fiscal year 2012. For the period, the company expects an increase in net revenues by more than 15% and net income by around 20%.

**August 30, 2012**

DOWN 1.78 to 26.73... BRLI posts \$0.45 vs. \$0.36 Q3 EPS on 16% revenue rise. Co.'s \$172.3M Q3 revenue below Capital IQ consensus forecast of \$173.1M.

**June 8, 2012**

Bio-Reference Laboratories Inc. reported unaudited earnings results for the second quarter and six months ended April 30, 2012. For the quarter, the company reported net revenues of \$163.388 million compared to \$137.658 million a year ago. Operating income was \$16.771 million compared to \$13.313 million a year ago. Income before income taxes was \$16.401 million compared to \$14.020 million a year ago. Net income was \$9.306 million or \$0.33 per diluted share compared to \$7.817 million or \$0.28 per diluted share a year ago. For six months, the company reported net revenues of \$313.307 million compared to \$259.317 million a year ago. Operating income was \$30.055 million compared to \$22.030 million a year ago. Income before income taxes was \$29.368 million compared to \$27.999 million a year ago. Net income was \$16.671 million or \$0.60 per diluted share compared to \$15.802 million or \$0.56 per diluted share a year ago.

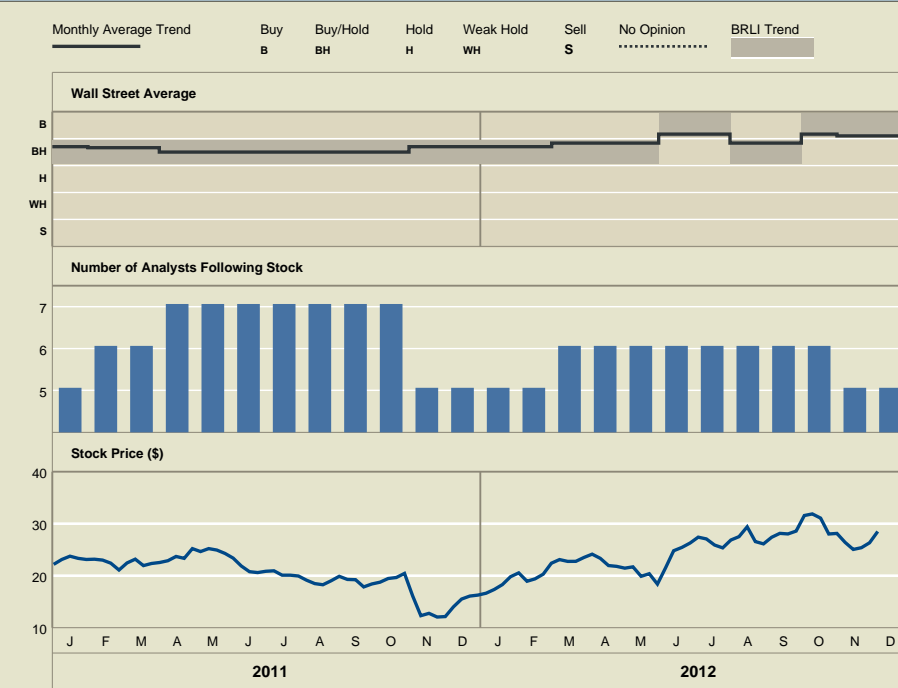
**March 2, 2012**

Bio-Reference Laboratories Inc. reported unaudited earnings results for the first quarter ended January 31, 2012. For the quarter, the company reported net revenues of \$149.919 million, an increase of 23% over the \$121.659 million a year ago. Operating income was \$13.282 million against \$8.72 million a year ago. Income before taxes was \$12.966 million compared with \$13.980 million a year ago. Net income was \$7.365 million or \$0.26 per diluted share compared with \$7.986 million or \$0.28 per diluted share a year ago. The company reported pro forma net revenues of \$121.659 million, pro forma operating income of \$8.717 million, pro forma income before taxes of \$8.410 million, pro forma net income of \$4.804 million or \$0.17 per diluted share. Cash flow from operations for the current quarter was nearly \$11,000, substantially higher than any other first quarter in the company's history.

**March 1, 2012**

UP 1.63 to 21.77... BRLI posts \$0.26 vs. \$0.17 (pro forma) Q1 EPS on 23% revenue rise.

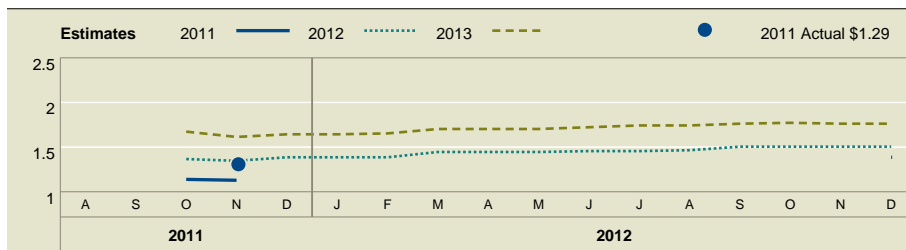
Analysts' Recommendations



Of the total 9 companies following BRLI, 5 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	4	80	4	4
Buy/Hold	0	0	0	0
Hold	1	20	1	2
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
<b>Total</b>	<b>5</b>	<b>100</b>	<b>5</b>	<b>6</b>

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2013	1.77	1.87	1.68	5	16.1
2012	1.51	1.55	1.48	5	18.9
<b>2013 vs. 2012</b>	<b>▲ 17%</b>	<b>▲ 21%</b>	<b>▲ 14%</b>	<b>0%</b>	<b>▼ -15%</b>
Q4'13	0.54	0.59	0.50	5	52.8
Q4'12	0.46	0.50	0.44	5	62.0
<b>Q4'13 vs. Q4'12</b>	<b>▲ 17%</b>	<b>▲ 18%</b>	<b>▲ 14%</b>	<b>0%</b>	<b>▼ -15%</b>

Wall Street Consensus Opinion

BUY

Companies Offering Coverage

- BofA Merrill Lynch
- Dougherty & Company LLC
- Jefferies & Company, Inc.
- Macquarie Research
- Oppenheimer & Co. Inc.
- Sidoti & Company, LLC
- The Benchmark Company, LLC
- UBS Investment Bank
- William Blair & Company L.L.C.

Wall Street Consensus vs. Performance

For fiscal year 2012, analysts estimate that BRLI will earn \$1.51. For the 3rd quarter of fiscal year 2012, BRLI announced earnings per share of \$0.45, representing 30% of the total annual estimate. For fiscal year 2013, analysts estimate that BRLI's earnings per share will grow by 17% to \$1.77.

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

**Glossary**

**S&P Quality Ranking** - Growth and stability of earnings and dividends are deemed key elements in establishing S&P's quality ranking for common stocks, which are designed to capsule the nature of this record in a single symbol. It should be noted that, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Lower
A	High	B-	Below Average
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

**S&P Fair Value Rank** - Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stock with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

**Funds From Operations (FFO)** - FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

**Fair Value Calculation** - The current price at which a stock should sell today as calculated by S&P's computers using our quantitative model based on the company's earnings, growth potential, return on equity relative to the S&P 500 and its industry group, price to book ratio history, current yield relative to the S&P 500, and other factors.

**Investability Quotient (IQ)** - The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long-term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

**Standard & Poor's IQ Rationale:**  
**Bio-Reference Labs**

	Raw Score	Max Value
Proprietary S&P Measures	20	115
Technical Indicators	22	40
Liquidity/Volatility Measures	18	20
Quantitative Measures	66	75
<b>IQ Total</b>	<b>126</b>	<b>250</b>

**Volatility** - Rates the volatility of the stock's price over the past year.

**Technical Evaluation** - In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

**Relative Strength Rank** - Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

**Global Industry Classification Standard (GICS)** - An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

**Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).**

**Required Disclosures**

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