UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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 July 31, 2005

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-09974

ENZO BIOCHEM, INC.

(Exact name of registrant as specified in its charter)

New York	13-2866202
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
60 Executive Boulevard, Farmingdale, New York	11735
(Address of principal executive offices)	(Zip Code)

(631) 755-5500

(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

(Title of Each Class)	(Name of Each Exchange on Which Registered)
Common Stock, $.01 Par Value	The New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

NONE

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 [ ]

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 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.

Yes [x] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes [x] No [ ]

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 as of January 31, 2005, the last business of the registrant's most recently completed second fiscal quarter, was approximately $462,341,000. As of October 3, 2005, the Registrant had 32,142,400 shares of Common Stock outstanding.

DOCUMENT INCORPORATED BY REFERENCE

Portions of the definitive Proxy Statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held on or about January 20, 2006 are incorporated by reference into Part III.

PART I

Item 1. BUSINESS

OVERVIEW

Enzo Biochem, Inc. (the "Company" or "Enzo") is a life sciences and biotechnology company focused on harnessing genetic processes to develop research tools, diagnostics and therapeutics and the provision of diagnostic services to the medical community. Since our formation in 1976, we have concentrated on developing enabling technologies for detecting and identifying genes and for modifying gene expression. These technologies are generally applicable to the diagnosis of infectious and other diseases and form the basis for a portfolio of products marketed to the biomedical and pharmaceutical research markets. We are further using these technologies as platforms in the development of products for the clinical diagnostics market. In addition, our work in gene analysis has led to the development of therapeutic product candidates, several of which are currently in clinical trials, and several are in preclinical studies. In the course of our research and development activities, we have built what we believe is a significant patent position (comprised of 40 issued U.S. patents, over 167 issued foreign patents, and various pending applications worldwide) around our core technologies.

The business activities of the Company are performed by the Company's three wholly owned subsidiaries--Enzo Life Sciences, Inc., Enzo Therapeutics, Inc., and Enzo Clinical Labs, Inc. These activities are: (1) research and development, manufacturing and marketing of biomedical research products and tools through Enzo Life Sciences and research and development of therapeutic products through Enzo Therapeutics, and (2) the operation of a clinical laboratory through Enzo Clinical Labs. For information relating to the Company's business segments, see Note 15 of the Notes to Consolidated Financial Statements.

The Company's primary sources of revenue have historically been from sales of research products utilized in life science research and from the clinical laboratory services provided to the healthcare community. For the fiscal years ended July 31, 2005 and 2004, respectively, approximately 24% and 31% of the Company's operating revenues were derived from product sales and approximately 76% and 69% were derived from clinical reference laboratory services.

MARKETS

BACKGROUND

DNA is the source of biological information that governs the molecular mechanisms underlying life. This information is stored in the linear sequences of nucleotides that comprise DNA. The sequence of the human genome, comprising over 30,000 genes, has been identified. The challenge for the next decade will be the determination of the function and relevance of each gene. This information will facilitate the understanding of biological mechanisms and how variations and mutations in such mechanisms result in disease, enabling more rapid and accurate detection of specific diseases and the development of new therapeutics to treat them.

TOOLS FOR BIOMEDICAL AND PHARMACEUTICAL RESEARCH

There is an increasing demand by biomedical and pharmaceutical researchers for tools that both facilitate and accelerate the generation of biological information. In response to this demand, a variety of formats, or tools, have been developed that allow researchers to study biological pathways and to identify mutations in gene sequences and variations in gene expression levels that can lead to disease. These tools include DNA sequencing instruments, microarrays, biochips, microspheres, and microfluidic chips. Common among these formats is the need for reagents that allow the identification, quantification and characterization of specific genes or nucleic acid sequences.

We believe this market will grow as a result of:

- research spending by academic, government and private organizations to determine the function and clinical relevance of the gene sequences identified by the Human Genome Project;
- development of commercial applications based on information derived from this research; and
- ongoing advancements in tools that accelerate these research and development activities.

CLINICAL DIAGNOSTICS

The clinical diagnostics market currently has been reported by industry

sources to be greater than $20 billion. It is comprised of a broad range of tests such as clinical chemistry, microbiology, immunoassay, blood banking and cancer screening. Many of these tests employ traditional technologies, such as immunoassays and cell culture technologies, for the detection of diseases. Immunoassays are based on the use of antibodies directed against a specific target, or antigen, to detect that antigen in a patient sample. Cell culturing techniques involve the growth, isolation and visual detection of the presence of microorganisms.

There are several drawbacks to these technologies. Immunoassays do not allow for early detection of diseases because they require minimum levels of antigens to be produced by the microorganism for detection. These levels vary by microorganism, and the delay involved could be several days or several years, as seen in HIV/AIDS. Cell cultures are slow, labor intensive and not amenable to all microorganisms. For example, gonorrhea and chlamydia are difficult to culture.

Gene-based diagnostics have many advantages over traditional technologies. Since gene-based diagnostics focus on the identification of diseases at the gene level, they can identify the presence of the disease at its earliest stage of manifestation in the body. These tests provide results more rapidly, are applicable to a broad spectrum of microorganisms and can easily be automated in a multiplex platform.

Several advances in technology are accelerating the adoption of gene-based diagnostics in clinical laboratories. These advances include high throughput automated formats that minimize labor costs, non-radioactive probes and reagents that are safe to handle, and amplification technologies that improve the sensitivity of such diagnostics.

According to recognized industry sources, the market for molecular diagnostic tools, assays and other products is now more than $3 billion per year as a result of:

- rising number of diagnostic tests being developed from discoveries in genome research;
- advances in formats and other technologies that automate and accelerate gene-based diagnostic testing;
- growing emphasis by the health care industry on early diagnosis and treatment of disease; and
- application of gene-based diagnostics as tools to match therapies to specific patient genetics commonly referred to as pharmacogenomics.

THERAPEUTICS

Most diseases are the consequence of the expression of foreign genes, such as those residing in viruses and pathogenic organisms, or the abnormal or unregulated expression of the body's own genes. In other cases, it is the failure to express a gene that causes the disease. Recent advancements in gene analysis have provided the information and tools necessary to develop drugs that intervene in the disease process at the gene level. For a broad spectrum of diseases, this approach can be more precise and effective than intervening in the downstream molecular processes of the disease. Therapies targeting genetic processes are called gene medicines. There are two fundamental approaches to gene medicines, synthetic and genetic.

Synthetic gene medicine involves the administration of synthetic nucleic acid sequences called "oligos" that are designed to bind to, and thus deactivate, RNA produced by a gene. To date, this approach has demonstrated limited success. Since a single cell may contain thousands of strands of RNA, large amounts of oligos are necessary to shut down the production of unwanted proteins. Also, since oligos are synthetic, they are quickly metabolized or eliminated by the body. As a result, large quantities of oligos must be delivered in multiple treatments, which can be both toxic to the body as well as costly.

Genetic medicine or gene therapies involve the insertion of a gene into a cell. The inserted gene biologically manufactures the therapy on an ongoing basis. This gene may be inserted to enable a beneficial effect or to disable a pathological mechanism within the cell. For example, the gene may be inserted to replace a missing or malfunctioning gene responsible for synthesizing an essential protein. On the other hand, a gene coding for a molecule to deactivate either an overactive gene or a gene producing an unwanted protein may be inserted. As a permanent addition to the cellular DNA, the inserted gene produces RNA and/or proteins where needed.

A major challenge in designing gene therapy medicines has been the efficient and safe delivery of the gene to the appropriate target cell. Gene delivery is often accomplished using a delivery vehicle known as a vector. A critical

quality of the vector is its ability to bind to the target cell and effectively deliver, or transduce, the gene into the cell. It is also critical that the DNA of the vector not produce proteins or antigens that can trigger an adverse immune response.

STRATEGY

Our objective is to be a leading developer and provider of medicines, as well as a leading developer and provider of the tools and diagnostics used to study and detect disease at the molecular level. There can be no assurance that our objective will be met. Key elements of our strategy include:

APPLY OUR INNOVATIVE TECHNOLOGY TO THE INFECTIOUS DISEASE MARKET

We believe our core technologies have broad diagnostic and therapeutic applications. We have initially focused our efforts on the infectious disease market. Infectious diseases are among the largest contributors to healthcare costs worldwide. Generally, there are no long-term effective treatments for viral pathogens as there are for bacterial pathogens. We have developed novel technologies we believe can serve as enabling platforms for developing medicines that genetically target and inhibit viral functions, as well as medicines that regulate the immune response. In addition to such therapeutic products, we have capitalized on our nucleic acid labeling, amplification and detection technologies to develop diagnostic and monitoring tests for infectious agents.

MAXIMIZE OUR RESOURCES BY COLLABORATING WITH OTHERS IN RESEARCH AND COMMERCIALIZATION ACTIVITIES

We enter into research collaborations with leading academic and other research centers to augment our core expertise on specific programs. We have research collaborations with, among others, Hadassah University Hospital in Jerusalem, Israel regarding immune regulation and Cornell University regarding the application of our genetic antisense technology to HIV.

During the current fiscal year the Company acquired the rights and intellectual property to a candidate drug and technology intended for use in the treatment of autoimmune uveitis. We also entered into a collaboration agreement with scientists at Ludwig-Maximilians University in Munich, Germany to evaluate certain of Enzo's proprietary technology for treating uveitis in an animal model system. In fiscal 2004, Enzo, through Enzo Therapeutics, entered into two agreements with the University of Connecticut Health Center at Farmington, CT, to license and cooperatively develop novel therapeutics for the stimulation and enhancement of bone formation. The products if any, emanating from this technology could provide potential therapy for bone disorders, including bone loss, fractures, abnormalities, diseases, and other applications. In fiscal 2004, we also entered into a licensing agreement with Thomas Jefferson University, Philadelphia, PA for certain patents relating to the development of products within our therapeutic program. There can be no assurance that any of these collaborative projects will be successful.

Similarly, we seek to fully exploit the commercial value of our technology by partnering with for-profit enterprises in areas in order to act on opportunities that can be accretive to our efforts in accelerating our development program. In line with this strategy, during fiscal 2004 Enzo acquired the assets of OraGen Corporation, Moorestown, New Jersey and a privately owned biotechnology company specializing in immune regulation technologies. This acquisition is expected to broaden our capabilities in the area of immunological regulation, particularly as it relates to the treatment of infectious diseases.

APPLY OUR BIOMEDICAL RESEARCH PRODUCTS TO THE CLINICAL DIAGNOSTICS MARKET

We intend to apply our gene-based tests to the clinical diagnostics market. We currently offer over 25 gene-based tests for the research market, for the identification of such viruses as human papillomavirus, cytomegalovirus, and Epstein-Barr virus. We also have an extensive library of probes for the detection of various diseases. We have developed a standardized testing format that permits multiple diagnoses to be performed on the same specimen and are in discussions with third parties to develop instrumentation for this purpose.

LEVERAGE MARKETING AND DISTRIBUTION INFRASTRUCTURE OF LEADING LIFE SCIENCES COMPANIES

During fiscal 2005, Enzo Life Sciences continued to implement an aggressive marketing program designed to more directly service its end users, while simultaneously positioning the Company for product line expansion. The program involves continued increases in the direct field sales force, a comprehensive advertising campaign, increased attendance at top industry trade meetings, as well as the enhancement of the interactive web site. In addition to our

direct sales, we distribute our research products through leading producers of gene analysis formats and other life sciences companies. By partnering with these industry leaders, we are able to leverage their established marketing and distribution infrastructure to expand the market for our products. During fiscal 2005, distribution agreements were in effect with, among others, Roche Diagnostic Systems and Perkin-Elmer Life Sciences. The Company received notice in December 2004 that Perkin-Elmer Life Sciences was terminating its agreement with the Company. See Item 3. Legal Proceedings.

Research product revenue from Affymetrix represented approximately 0%, 0% and 22% of the consolidated revenues in fiscal 2005, 2004 and 2003, respectively, under a non-exclusive distribution and supply agreement. At July 31, 2005 and 2004, of the Company's net accounts receivable no monies were included from this former major distributor. Research product revenue from Perkin-Elmer represented approximately 3%, 8% and 4% of the consolidated revenues in fiscal 2005, 2004 and 2003, respectively, under a non-exclusive distribution and supply agreement. At July 31, 2005 and 2004, approximately 0% and 5%, respectively, of the Company's net accounts receivable relate to amounts due from this distributor. Research product revenue from Amersham represented approximately 0%, 0% and 1% of the consolidated revenues in fiscal 2005, 2004 and 2003, respectively, under a terminated non-exclusive distribution and supply agreement. At July 31, 2004 and 2003, 0% and 2%, respectively, of the Company's net accounts receivable relate to amounts due from this former distributor. Research product revenue from Roche represented approximately 0%, 8% and 6% of the consolidated revenues in fiscal 2005, 2004 and 2003, respectively, under a non-exclusive distribution and supply agreement. At July 31, 2005 and 2004, 0% and 0% respectively of the Company's net accounts receivable relate to amounts due from the this distributor.

The following is a table outlining the above for the respective consolidated fiscal years:

<TABLE>
<CAPTION>

	% of Revenue			% of Accounts Receivable	
	2005	2004	2003	2005	2004
<S>	<C>	<C>	<C>	<C>	<C>
Affymetrix	0%	0%	22%	0%	0%
Perkin-Elmer	3%	8%	4%	0%	5%
Amersham	0%	0%	1%	0%	0%
Roche	0%	8%	6%	0%	0%

</TABLE>

EXPANDING AND PROTECTING OUR INTELLECTUAL PROPERTY ESTATE

Since our inception, we have followed a strategy to create a broad encompassing patent position in the life sciences and therapeutics areas. We have made obtaining patent protection a central strategic policy, both with respect to our proprietary platform technologies and products, as well as broadly in the areas of our research activities.

CORE TECHNOLOGIES

We have developed a portfolio of proprietary technologies with a variety of research, diagnostic and therapeutic applications.

GENE ANALYSIS TECHNOLOGY

All gene-based testing is premised on the knowledge that DNA forms a double helix comprised of two complementary strands that match and bind to each other. If a complementary piece of DNA (a probe) is introduced into a sample containing its matching DNA, it will bind to, or hybridize, to form a double helix with that DNA. Gene-based testing is carried out by:

- amplification of the target DNA sequence (a process that is essential for the detection of very small amounts of nucleic acid);
- labeling the probe with a marker that generates a detectable signal upon hybridization;
- addition of the probe to the sample containing the DNA; and
- binding or hybridization of the probe to the target DNA sequence, if present, to generate a detectable signal.

We have developed a broad technology base for the labeling, detection, amplification and formatting of nucleic acids for gene analysis. We believe we have a significant proprietary position in these fields.

NON-RADIOACTIVE LABELING AND DETECTION. Traditionally, nucleic acid probes were labeled with radioactive isotopes. However, radioactively labeled probes have a number of shortcomings. They are unstable and consequently have a limited shelf life. They are potentially hazardous, resulting in restrictive licensing requirements and safety precautions for preparation, use and disposal. Finally, radioactive components are expensive. Our technologies permit gene analysis without the problems associated with radioactively labeled probes and are adaptable to a wide variety of formats.

FORMATS. There are various processes, or formats, for performing probe-based tests. In certain formats, the probe is introduced to a target sample affixed to a solid matrix; in others the probe is combined with the sample in solution (homogeneous assay). Solid matrix assays include: IN SITU assays in which the probe reaction takes place directly on a microscope slide; dot blot assays in which the target DNA is fixed to a membrane; and microplate and microarray assays in which the DNA is fixed on a solid surface, and the reaction can be quantified by instrumentation.

AMPLIFICATION. In the early stages of infection, a pathogen may be present in very small amounts and consequently may be difficult to detect. Using DNA amplification, samples can be treated to cause a pathogen's DNA to be replicated, or amplified, to detectable levels. We have developed a proprietary amplification process for multicopy production of nucleic acid, as well as proprietary techniques for amplifying the signals of our probes to further improve sensitivity. Our amplification technologies are particularly useful for the early detection of very small amounts of target DNA and, unlike PCR (currently the most commonly used method of amplification), we have developed isothermal amplification procedures that can be performed at constant temperatures and thus do not require expensive heating and cooling systems or specialized heat-resistant enzymes.

THERAPEUTIC TECHNOLOGY PLATFORMS

We have developed proprietary technologies in the areas of genetic antisense (antisense RNA) and immune regulation that we are using as a platform for a portfolio of novel therapeutics.

GENE REGULATION TECHNOLOGY. We are pursuing a novel approach to gene regulation known as genetic antisense or antisense RNA. Our technology involves the introduction into cellular DNA of a gene that codes for an RNA molecule that binds to, and thus deactivates, RNA produced by a specific gene. To deliver our antisense gene to the target cell, we have developed proprietary vector technology. Our vector technology has the following three strengths:

o EFFICIENT TRANSDUCTION. A principal problem to date of most gene therapy programs has been inefficient transduction, or an unacceptably low rate of delivery of operating genes to the target cells. We have achieved transduction rates significantly higher than those reported by other researchers.

o IMMUNOLOGICALLY "QUIET." Transduced cells often produce non-essential proteins that trigger an immune response, causing such cells to be cleared from the body before they can produce a therapeutic effect. Cells transduced with our Stealth Vectors(TM) have not expressed extraneous proteins.

o "SMART" VECTORS. We incorporate into the surface of our vectors proteins that have an affinity for the surface of the cell types intended to be transduced. By including this targeting mechanism, we create in essence "smart" vectors that preferentially transduce the intended cell type. This may ultimately permit us to develop a genetic antisense product that is administered directly to the patient.

We believe though there can be no assurance that our vector technology has broad applicability in the field of gene medicine. This can be attributed to the following properties of our construct:

- the viral promoters are inactivated;
- insertional gene activation is prevented - a major safety factor;
- chromosomal integration; and
- nuclear localization.

IMMUNE REGULATION.

o ORAL IMMUNE REGULATION. We are exploring a potentially novel therapeutic approach based on immune regulation. Our immune regulation technology seeks to control an individual's immune response to a specific

antigen in the body. An antigen is a substance that the body perceives is foreign and, consequently, against which the body mounts an immune response. We are developing our technology to treat immune-mediated diseases, infectious diseases and complications arising from transplantation. Our technology utilizes oral administration of known proteins

to regulate the subject's immune response against the antigen. Specific formulations of the protein are administered orally to the patient according to precise dosing protocols.

We have filed patent applications relating to this technology, as well as to our therapeutics and protocols under development, relating to areas of infectious diseases and immunological adjustments and enhancements characteristic of this reaction. There can be no assurance that we will be able to secure patents or that these programs will be successful. We are applying our expertise in immune regulation to develop proprietary therapeutics for the treatment of a variety of diseases, including chronic active hepatitis caused by HBV and HCV infection, graft versus host disease and inflammatory bowel disease, including Crohn's Disease and ulcerative colitis. During this fiscal year, the Company acquired the rights and intellectual property to a candidate drug and technology intended for use in the treatment of autoimmune uveitis, a chronic inflammation of the eye that can lead to blindness.

o IMMUNE POTENTIATION. We have developed a new immunomodulator agent, EGS21, a beta-D-glucosylceramide (GC) compound, as a potential therapeutic for treating immune mediated disorders. GC is a glycolipid that has been shown by Enzo scientists and collaborators to act as an anti-inflammatory agent in animal model systems, and therefore is being evaluated as an important candidate drug in the treatment of various immune mediated diseases, such as Crohn's disease, hepatitis B, hepatitis C, non-alcoholic steatohepatitis (NASH) or fatty liver and HIV. We believe that GC might be utilized either as a separate therapeutic or as an adjunct or combination treatment with our other platforms for the management of immune mediated disorders.

SMALL MOLECULE DEVELOPMENT

Enzo's newest therapeutic platform involves the development as pharmaceutical agents, of protein factors or associated peptides, as well as small molecules that interfere with protein-protein interactions. It has been shown recently that bone density is dependent on a homeostatic mechanism requiring the interaction of several protein factors. The interference of factor-factor interactions by small molecules can lead to significant increases in bone mass. Enzo is developing these observations to yield new pharmaceutical products for the management of osteoporosis and certain periodontal disorders.

PRODUCTS AND SERVICES

We are applying our core technologies to develop novel therapeutics as well as research tools for the life sciences and clinical diagnostics markets. In addition, we provide clinical laboratory services to physicians and other health care providers in the greater New York area.

RESEARCH AND DIAGNOSTIC PRODUCTS

We are a leading developer and marketer of novel research tools for gene analysis. We manufacture over 300 products that may be sold individually or combined in a kit to meet the specific needs of the researcher. We market these products to biomedical and pharmaceutical firms worldwide. We have summarized our products into the following major categories:

PRE-FORMATTED IN SITU KITS. Our pre-formatted IN SITU kits include all of the components necessary to identify or detect a gene in a cell or tissue on a glass slide. These components include specific labeled non-radioactive nucleic acid probes on a glass slide, signaling reagents and buffers. We offer probes that will detect a variety of infectious agents, such as human papillomavirus (HPV), HBV, cytomegalovirus (CMV) and chlamydia. We market these kits under the PATHOGENE(R) brand name. These kits target the pathology market.

MEMBRANE KITS. Our membrane kits include all of the reagents and buffers necessary to perform a gene analysis on a membrane. The researcher will supply the probe required for their individual needs. Membrane technology is broadly used in life sciences research. We market these kits under the MAXSENSE(R) brand name.

LABELED PROBES. We have developed a line of non-radioactive nucleic acid probes that have been chemically-labeled to allow detection of infectious agents. We offer labeled probes that can detect such infectious agents as adenovirus, HBV, cytomegalovirus (CMV), herpes simplex virus (HSV) and chlamydia, as well as certain oncogenes. These probes can be used in hybridization and detection assays in the format chosen by the researcher. These probes are broadly sold into the life sciences research market under the BIOPROBE(R) brand name.

LABELING AND SIGNALING REAGENTS. We have developed an extensive line of nucleic acid labeling and detections reagent and kits that are designed for the life sciences research market. The products are used by scientists to detect and identify genes in certain specific formats. Our line of kits for the labeling of nucleic acids for the study of

specific gene expression is marketed under the BIOARRAY(R) brand name. This product line also includes a new kit for amplifying small quantities of genetic material as well as our new GENEBEAM(TM) system for gene detection and identification.

THERAPEUTIC DEVELOPMENT PROGRAMS

We have a number of therapeutic products in various stages of development that are based on our proprietary genetic antisense and immune regulation technologies. Our therapeutic programs are described below.

HUMAN IMMUNODEFICIENCY VIRUS (HIV-1). We are developing complementary HIV-1 therapeutics utilizing both our genetic antisense and immune regulation technologies.

HIV-1 is a human pathogenic virus. After infection it runs a slow course in which certain of the cells in the immune system (CD4+ cells) progressively disappear from the body. This results in a state in which the infected person can no longer mount an immune response. This loss of immune responsiveness is the cause of the complex of diseases known as AIDS and ultimately of death.

According to the World Health Organization, there were 60 million individuals worldwide living with HIV infection during 2003. There were 5 million new infections and 3 million deaths from HIV during that same year. Over 20 million have died since the first cases of AIDS were identified in 1981. At present, two classes of products have received FDA marketing approval for HIV-1 infection: reverse transcriptase inhibitors and protease inhibitors. HIV's rapid rate of mutation results in the development of viral strains that no longer respond to these medications. This problem is often exacerbated by interruptions in dosing, as non-compliance is common in patients on combination therapies. Moreover, currently approved drugs produce toxic side-effects in many patients, affecting a variety of organs and tissues, including the peripheral nervous system and gastrointestinal tract, which side-effects also often result in patients interrupting or discontinuing therapy.

HGTV43(TM) GENE MEDICINE. Enzo's proprietary Stealth Vector(TM) HGTV43(TM) gene construct is a vehicle designed to carry and deliver anti-HIV-1 antisense RNA genes directed against the genes responsible for viral replication. HGTV43 is designed to deliver the antisense genes to targeted blood cells of subjects infected with HIV-1. These genes are incorporated into the DNA of the blood cells, and subsequent production of the antisense RNA prevents replication of the virus, providing resistance to the virus.

Preclinical IN VITRO studies, performed in conjunction with our academic collaborators, demonstrated resistance to HIV-1 in human immune cells into which the antisense genes had been inserted. Our Phase I clinical trial of the HIV-1 gene medicine is in the long-term safety follow up phase. In this study, white blood cell precursors, known as stem cells, were collected from the subjects. These stem cells were then treated EX VIVO with our Stealth Vector(R) HGTV43(TM) transducing vector and infused into the subject. Results of the trial have shown that all subjects tolerated the procedure and that anti-HIV-1 antisense RNA continued to be expressed in the subjects' circulating white blood cells, the longest running subject at 60 months to date.

- all subjects tolerated the procedure;
- anti HIV-1 antisense RNA was detected in the circulation of subjects, the longest at 60 months
- purified CD4+ cells from evaluable subjects were tested for the presence of anti HIV-1 antisense RNA and these cells contained the antisense RNA;
- CD34+ cells from the bone marrow of all subjects were tested for the presence of anti HIV-1 antisense RNA between 6 months and 20 months after infusion and these cells contained the antisense RNA.

Based on these Phase I trial results demonstrating long-term survival and functioning of antisense RNA in white blood cells, including CD4+ cells, we are preparing for the next phase of the study in which we will test strategies to increase the percentage of CD4+ cells that contain the anti-HIV-1 antisense genes.

The next phase of clinical trials is to be conducted at University of California San Francisco the site of the Phase I study. This study will focus on

a strategy designed to increase the percentage of engineered CD4+ cells using a low dose of total body irradiation (TBI). Enzo's protocol for this phase of the study successfully passed review by the National Institutes of Health Recombinant DNA Advisory Committee (RAC) and has been submitted to the UCSF Committee on Human Research (CHR) for approval. We anticipate initiating the study and enrolling subjects as soon as the protocol is successfully reviewed by CHR. The study initiated at New York Presbyterian Hospital-Cornell Medical Center has not enrolled subjects pending completion of manufacturing protocols.

HEPATITIS B VIRUS (HBV). We are developing HBV therapeutics utilizing our proprietary immune regulation technology.

HBV is a viral pathogen that can lead to a condition in which the body destroys its own liver cells through an immune response. This condition is commonly referred to as chronic active hepatitis. According to the latest figures published by the World Health Organization, approximately 2 billion people are infected by HBV, of whom an estimated 350 million are chronically infected and therefore at risk of death from liver disease.

EHT899 IMMUNE REGULATION PRODUCT. EHT899 is a proprietary formulation of an HBV viral protein designed to eliminate the undesirable immune response elicited by the HBV infection. It also apparently enhances a secondary immune response to clear the viral infection, resulting in reduction in liver damage and decrease in viral load.

In a clinical trial, conducted at the Liver Unit of Hadassah-Hebrew University Medical Center, in Jerusalem, Israel, a formulation of EHT899 was administered orally to a total of 42 subjects with chronic active hepatitis. Subjects received the medication three times a week for 20 - 30 weeks and were followed for an additional 20 weeks. Results of the trial have shown that:

- the drug was well tolerated in all subjects;
- 46% of subjects showed a decrease in HBV viral load and improvement in liver function tests; and
- 33% of subjects showed a decrease in inflammation seen on liver biopsy.

Based on these results, the Company is exploring improved manufacturing processes and pharmaceutical partnerships are being explored.

Preclinical animal studies with EHT899 showed that this medication was able to achieve complete suppression of HBV-associated human liver cancer and significantly reduced mortality in laboratory mice. These studies may have significant potential application for treatment of liver and other cancers in humans.

UVEITIS. Posterior uveitis, which results from inflammation of a part of the eye known as the uvea, is believed to result from an immune reaction against some of the antigens in the eye, specifically the S antigen protein (Sag) and the interphotoreceptor retinoid-binding protein (IRBP). There is no known cure for uveitis, which in the United States, according to the American Uveitis Society, is diagnosed in approximately 38,000 people every year. While there are steps that can be taken to preserve sight and slow the progress of vision loss, individuals with uveitis are also at increased risk of developing cataracts, glaucoma or retinal detachment.

Enzo recently acquired rights and intellectual property to a candidate drug and technology intended for use in the treatment of uveitis. The drug is the result of a discovery by scientists at the eye clinic of the Ludwig Maximilians University in Munich, Germany, who found a small peptide that when fed to rats with experimental allergic uveitis promoted their recovery. Based on favorable preclinical studies, the developers conducted a small Phase I clinical trial in Germany with encouraging results that indicated a number of the patients treated with the study drug showed a decrease in inflammation and a few showed improved visual acuity.

Using its immune regulation platform and the recently acquired rights to the candidate drug, Enzo is currently composing a protocol to initiate the next phase of clinical trials that will be submitted to the central regulatory agencies in Germany.

INFLAMMATORY BOWEL DISEASES. We believe our immune regulation technology may be used to treat inflammatory bowel disease (IBD), including ulcerative colitis and Crohn's Disease. According to the Inflammatory Bowel Disease Foundation, approximately one million persons in the United States suffer from IBD. Although the cause of these disorders remains unknown, various features suggest immune system involvement in their pathogenesis.

Patients are managed during short-term episodes through the use of anti-inflammatory medications, or immunosuppressants, that provide symptomatic relief over short periods of time, but do not provide a cure. These drugs are

all based on a generalized suppression of the immune response and are non-specific. As such, they have considerable side effects and cannot be used for long periods of time because of their inherent toxicity.

Enzo recently completed a Phase II randomized double-blind clinical trial of ALEQUEL(TM) our innovative immune regulation medicine for treatment of Crohn's Disease. In this study, subjects were evaluated using the Crohn's Disease

Activity Index (CDAI), a standard measure of the severity of the disease, with higher scores indicating more severe disease activity. An expanded study to broaden the diversity of the patient population is ongoing at Hadassah Hospital. Enzo plans to continue the study at additional sites in the United States and is currently conducting a selection review process to determine the appropriate site at which to expand the study.

This current trial followed a successful open label Phase I study and was based on successful preclinical results achieved in an animal model system. The preclinical study results showed that when laboratory animals with experimentally induced colitis were given specific proteins by oral administration, a remission of the condition was seen. The experimental animals exhibited a marked amelioration of the symptoms, including significant reduction in tissue inflammation, as well as a decrease in the levels of gamma interferon in the serum, both indicative of remission.

GRAFT VERSUS HOST DISEASE. We are applying our immune regulation technology to treat graft versus host disease. Graft versus Host Disease (GvHD) is a major complication of bone marrow and stem cell transplantation accounting for many of the failures of these transplant procedures. GvHD is characterized by an immune response mounted by the immune cells within the engrafted tissue against the recipient that leads to a wasting syndrome and occasionally death. It is estimated that there are only 15,000 bone marrow transplants performed annually worldwide due, in part, to GvHD. It is assumed that the elimination of GvHD would lead to a dramatic rise in the number of these procedures. GvHD is currently treated by immunosuppressant drugs, which are toxic and only reduce the extent of the wasting reaction.

We are conducting pre-clinical and animal studies at Hadassah University Hospital. The results of these studies suggest that our immune regulation technology could be effective in treating GvHD. Currently, clinical protocols are in development.

EGS21 IMMUNE POTENTIATION PRODUCT. EGS21, our immune potentiation product was tested for safety in a Phase I study in healthy human volunteers at the Hadassah-Hebrew University Medical Center. All subjects were followed by complete blood analysis and standard blood chemistries. All laboratory results were within normal limits and no treatment-related adverse events were observed during the treatment period or during the follow-up period.

NON-ALCOHOLIC STATOHEPATITIS (NASH)

Enzo is evaluating the use of EGS21 as a potential product for treatment of fatty liver or non alcoholic steatohepatitis (NASH). Fatty liver, often associated with a metabolic syndrome defined by hyperlipidemia, insulin resistance and obesity, can be demonstrated by imaging studies in 25% of the general population. Recent studies have suggested an immunologic basis for NASH. This condition is presently considered to be a risk factor for the development of non-alcoholic steatohepatitis (NASH), one of the top three causes of liver disease in the USA and a form of chronic hepatitis that is increasingly recognized as a predisposing condition for the development of liver cirrhosis. NASH is present in 20% of obese individuals and in 2.5% of the general population. Using experimental animal model systems, we showed that EGS21 had a beneficial effect on NASH and its associated metabolic syndrome in these experimental animals. A Phase 2 open label study is currently being conducted at Hadassah-Hebrew University Medical Center.

CLINICAL LABORATORY SERVICES

We operate a regional clinical laboratory that offers full diagnostic services to the greater New York and New Jersey medical community. The Company's clinical laboratory testing is utilized by physicians as an essential element in the delivery of healthcare services. Physicians use laboratory tests to assist in the detection, diagnoses, evaluation, monitoring and treatment of diseases and other medical conditions. Clinical laboratory testing is generally categorized as clinical testing and anatomic pathology testing. Clinical testing is performed on body fluids, such as blood and urine. Anatomic pathology testing is performed on tissues and other samples, such as human cells. Most clinical laboratory tests are considered routine and can be performed by most commercial clinical laboratories. Tests that are not routine and that require more sophisticated equipment and highly skilled personnel are considered esoteric tests and may be performed less frequently than routine tests. The Company does not perform certain low-volume esoteric tests in-house, generally many of these

tests are referred to an esoteric clinical testing laboratory that specializes in performing these more complex tests.

The Company offers a comprehensive menu of routine and esoteric clinical laboratory tests or procedures. These tests are frequently used in general patient care by physicians to establish or support a diagnosis, to monitor treatment or medication, or search for an otherwise undiagnosed condition.

We operate a full service clinical laboratory in Farmingdale, NY with an infrastructure that includes a comprehensive information technology, logistics, client service and billing departments. Also, we have a network of nineteen patient service centers and a full service phlebotomy department. Patient service centers collect the specimens as requested by physicians. We also operate a STAT laboratory in Manhattan. A "STAT" lab is a laboratory that has the ability to perform certain routine tests quickly and report results to the physician immediately.

Patient specimens are delivered to our laboratory facilities by our logistics department accompanied by a test requisition form. These forms, which are completed by the ordering physician, indicate the tests to be performed and demographic patient information. Once this information is entered into the laboratory computer system the tests are performed and the results are entered primarily through an interface from the laboratory testing equipment or in some instances, manually into the laboratory computer system. Most routine testing is completed by early the next morning, and test results are reported to the ordering physician. These test results are either delivered electronically via our EnzoDirect(TM) system or delivered by the logistic department directly to the ordering physicians' offices. Physicians who request that they be called with a result are so notified.

For fiscal years ended July 31, 2005 and 2004, respectively, 76% and 69% of the Company's revenues were derived from the clinical laboratory. At July 31, 2005 and 2004, respectively, approximately 94% and 89% of the Company's net accounts receivable were derived from its clinical laboratory business. The Company believes that the concentration of credit risk with respect to clinical laboratory's accounts receivable is limited due to the diversity of the various numbers of third party insurance carriers, the Federal Medicare Program and the numerous individual patient accounts. Revenue, net of contractual allowances, from direct billings under the Federal Medicare program during the years ended July 31, 2005, 2004 and 2003 were approximately 20%, 19%, and 11%, respectively, of the Company's total revenue. The clinical laboratory industry is characterized by a significant amount of uncollectible accounts receivable related to the inability to receive accurate and timely billing information in order to forward it on to the third party payers for reimbursement, and the inaccurate information received from the covered individual patients for unreimbursed unpaid amounts. The Company's provision for uncollectible accounts receivable is within historical expectations.

Billing for laboratory services is complicated. Depending on the billing arrangement and applicable law, we must bill various payers, such as patients, insurance companies and the Federal Medicare Program, all of which have different requirements. In New York State, the law prohibits the Company from billing the ordering physician. Compliance with applicable laws and regulations as well as, internal compliance policies and procedures adds further complexity to the billing process. We depend on the ordering physician to provide timely, accurate billing demographic and diagnostic coding information to us. We believe that most of our bad debt expense is primarily the result of missing or incorrect billing information on requisitions received from the ordering physician rather than credit related issues. We perform the requested tests and report test results regardless of whether the billing or diagnostic coding information is incorrect or missing. We subsequently attempt to contact the ordering physician to obtain any missing information and rectify incorrect billing information. Missing or incorrect information on requisition adds complexity to and slows the billing process, creates backlogs of unbilled requisitions, and generally increases the aging of accounts receivable. When all issues relating to the missing or incorrect information are not resolved in a timely manner, the related receivables are fully reserved to the allowance for doubtful accounts or written off. Additional factors complicating the billing process include:

- pricing differences between our fee schedules and the reimbursement rates of the payers;
- disputes with payers as to which party is responsible for payment; and
- disparity in coverage and information requirements among various payers.

We incur significant additional costs as a result of our participation in Medicare, as billing and reimbursement for clinical laboratory testing is subject to considerable and complex federal and state regulations. These

additional costs include those related to: (1) complexity added to our billing processes; (2) training and education of our employees and customers; (3) compliance and legal costs; and (4) costs related to, among other factors, medical necessity denials and advance beneficiary notices. The Centers for Medicare & Medicaid Services, or CMS (formerly the Health Care Financing Administration), establishes procedures and continuously evaluates and implements changes in the reimbursement process.

RESEARCH & DEVELOPMENT

Our principal research and development efforts are directed toward expanding our research and diagnostic product lines, as well as developing innovative new therapeutic products to meet unmet market needs. We have developed our core research expertise in genomics through 25 years of dedicated focus in this area. We conduct our research and other product development efforts through internal research and collaborative relationships. In the fiscal

years ended July 31, 2005, 2004 and 2003, the Company incurred costs of approximately $8,452,000, $8,078,000, and $8,311,000, respectively, for research and development activities.

INTERNAL RESEARCH PROGRAMS

Our professional staff of 45 scientists, including 23 with post doctorate degrees, performs our internal research and development activities. Our product development programs incorporate various scientific areas of expertise, including recombinant DNA, monoclonal antibody development, enzymology, microbiology, biochemistry, molecular biology, organic chemistry, and fermentation. In addition, we continuously review in-licensing opportunities in connection with new technology.

EXTERNAL RESEARCH COLLABORATIONS

We have and continue to explore collaborative relationships with prominent companies and leading-edge research institutions in order to maximize the application of our technology in areas where we believe such relationship will benefit the development of our technology.

SALES AND MARKETING

Our sales and marketing strategy is to sell our research products through two distinct channels: (i) direct sales to end-users; and (ii) supply agreements with manufacturers and distributors. We market the clinical laboratory services to ordering physicians in the metro New York and New Jersey region through our direct sales force, customer service and patient service representatives.

We focus our sales efforts on obtaining and retaining profitable accounts. We also have an active account management process to evaluate the profitability of all of our accounts. Where appropriate, we change the service levels and terminate accounts that are not profitable.

DIRECT SALES AND MARKETING EFFORT

We market our research products through a direct field sales group and professional sales management team as well as through our interactive e-commerce web site. Our domestic and worldwide marketing efforts also consist of advertisements in major scientific journals, direct mailings to researchers, presentations at scientific seminars and exhibitions at scientific meetings.

SUPPLY AND DISTRIBUTION ARRANGEMENTS

We also distribute our research products through leading life sciences companies. Through these arrangements, we are able to leverage the established marketing and distribution infrastructure of these companies. During fiscal 2005, we distributed under an agreement with Perkin-Elmer Life Sciences, among other companies. Enzo Life Sciences is focused on a strategic initiative to expand its direct sales to the end user. See Item 3. Legal Proceedings.

COMPETITION

We compete with other life science and biotechnology companies, as well as pharmaceutical, chemical and other companies. Competition in our industry is intense and is expected to increase. Many of these companies are performing research in the same areas as we are. Some of these competitors are larger than we are and have more significant financial resources than we do. The primary competitive factors in our industry are the ability to create scientifically advanced technology, successfully develop and commercialize products on a timely basis, establish and maintain intellectual property rights and attract and retain a breadth and depth of human resources.

Our clinical laboratory services business competes with numerous national and local entities, some of which are larger than we are and have

greater financial resources than we do. Our laboratory competes primarily on the basis of the quality and specialized nature of its testing, reporting and information services, its reputation in the medical community, the pricing of its services, its reliability and speed in performing diagnostic tests, and its ability to employ qualified laboratory personnel.

INTELLECTUAL PROPERTY

We consider our intellectual property program to be a key asset and a major strategic component to the execution of our business strategy. A broad portfolio of issued patents and pending patent applications supports our core technology platforms. Our policy is to seek patent protection for our core technology platforms, as well as for ancillary technologies that support these platforms and provide a competitive advantage.

At the end of fiscal 2005 we owned or licensed 40 U.S. and over 167 foreign patents relating to products, methods and procedures resulting from our internal or sponsored research projects. During this year, several patents relating the BioProbe(R) nucleic acid probe system have expired, while additional patents have issued in the U.S. and Europe. There can be no assurance, however, that patents will be issued on pending applications or that any issued patents will have commercial benefit. We do not intend to rely on patent protection as the sole basis for protecting our proprietary technology. We also rely on our trade secrets and continuing technological innovation. We require each of our employees to sign a confidentiality agreement that prohibits the employee from disclosing any confidential information about us, including our technology or trade secrets.

In some instances, we may enter into royalty agreements with collaborating research parties in consideration for the commercial use by us of the developments of their joint research. In other instances the collaborating party might obtain a patent, but we receive the license to use the patented subject matter. In such cases, we will seek to secure exclusive licenses. In other instances, we might have an obligation to pay royalties to, or reach a royalty arrangement with, a third party in consideration of our use of developments of such third party. We have an exclusive licensing agreement with Yale University for the technology used in nucleic acid probe products. That agreement covers licensed patents owned by Yale and licensed to us for the life of the patents, which expire not earlier than 2004. The Research Foundation of the State University of New York has granted us the exclusive rights to a genetic engineering technology using antisense nucleic acid control methodologies.

REGULATION OF PHARMACEUTICAL PRODUCTS

New drugs and biological drug products are subject to regulation under the Federal Food, Drug and Cosmetic Act, and biological products are also regulated under the Public Health Service Act. We believe that products developed by us or our collaborators will be regulated either as biological products or as new drugs. Both statutes and the regulations promulgated thereunder govern, among other things, the testing, licensing, manufacturing, marketing, distributing, safety, and efficacy requirements, labeling, storage, exporting, record keeping, advertising and other promotional practices involving biologics or new drugs, as the case may be. FDA review or approval or other clearances must be obtained before clinical testing, and before manufacturing and marketing, of biologics and drugs. At the FDA, the Center for Biological Evaluation and Research ("CBER") is responsible for the regulation of biological drugs and the Center for Drug Evaluation and Research ("CDER") is responsible for the regulation of non-biological drugs. Biological drugs are licensed and other drugs are approved before commercialization.

Any gene medicine products that we develop will require regulatory review before clinical trials, and additional regulatory clearances before commercialization. New human gene medicine products, as therapeutics, are subject to regulation by the FDA and comparable agencies in other countries. The precise regulatory requirements with which we will have to comply are uncertain at this time because of the novelty of the human gene therapies currently under development. The FDA on a case-by-case basis currently reviews each protocol. The FDA has published "Points to Consider" guidance documents with respect to the development of gene medicine protocols. The National Institutes of Health ("NIH") is also involved in the oversight of gene therapies and the FDA has required compliance with certain NIH requirements.

Obtaining FDA approval has historically been a costly and time-consuming process. Generally, to gain FDA approval, a developer first must conduct pre-clinical studies in the laboratory evaluating product chemistry, formulation and stability and, if appropriate, in animal model systems, to gain preliminary information on safety and efficacy. Pre-clinical safety tests must be conducted by laboratories that comply with FDA regulations governing Good Laboratory Practices. The results of those studies are submitted with information characterizing the product and its manufacturing process and controls as a part of an investigational new drug ("IND") application, which the FDA must review and declare effective before human clinical trials of an

investigational drug can start. The IND application includes a detailed description of the clinical investigations to be undertaken in addition to other pertinent information about the product, including descriptions of any previous human experience and the company's future plans for studying the drug.

In order to commercialize any products, we (as the sponsor) file an IND and will be responsible for initiating and overseeing the clinical studies to demonstrate the safety and efficacy necessary to obtain FDA marketing approval of any such products. For INDs that we sponsor, we will be required to select qualified clinical sites (usually physicians affiliated with medical institutions) to supervise the administration of the products, and ensure that the investigations are conducted and monitored in accordance with FDA regulations and the general investigational plan and protocols contained in the IND. Each clinical study is reviewed and approved by an Institutional Review Board (IRB). The IRB will

consider, among other things, ethical factors and the safety of human subjects. Clinical trials are normally conducted in three phases, although the phases might overlap. Phase I trials, concerned primarily with the safety and tolerance of the drug, and its pharmacokinetics (or how it behaves in the body including its absorption and distribution) involve fewer than 100 subjects. Phase II trials normally involve a few hundred patients and are designed primarily to demonstrate preliminary effectiveness and the most suitable dose or exposure level for treating or diagnosing the disease or condition for which the drug is intended, although short-term side effects and risks in people whose health is impaired may also be examined. Phase III trials are expanded, adequate and well-controlled clinical trials with larger numbers of patients and are intended to gather the additional information for proper dosage and labeling of the drug. Clinical trials generally take two to five years, but the period may vary. Certain regulations promulgated by the FDA may shorten the time periods and reduce the number of patients required to be tested in the case of certain life-threatening diseases, which lack available alternative treatments.

The FDA receives reports on the progress of each phase of clinical testing, and it may require the modification, suspension or termination of clinical trials if an unwarranted risk is presented to patients. Human gene medicine products are a new category of therapeutics. There can be no assurance regarding the length of the clinical trial period, the number of patients that the FDA will require to be enrolled in the clinical trials in order to establish the safety, purity and potency of human gene medicine products, or that the clinical and other data generated will be acceptable to the FDA to support marketing approval.

After completion of clinical trials of a new product, FDA marketing approval must be obtained before the product can be sold in the United States. If the product is regulated as a new biologic, CBER requires the submission and approval of a Biologics License Application (BLA) before commercial marketing of the biologic product. If the product is classified as a new drug, we must file a New Drug Application ("NDA") with CDER and receive approval before commercial marketing of the drug. The NDA or BLA must include results of product development, pre-clinical studies and clinical trials. The testing and approval processes require substantial time and effort and there can be no assurance that any approval will be granted on a timely basis, if at all. The median time to obtain new product approvals after submission to the FDA is approximately 12 months. If questions arise during the FDA review process, approval can take longer. Before completing its review, the FDA may seek guidance from an Advisory Committee of outside experts at a public or closed meeting. While the advice of these committees is not binding on the FDA, it is often followed. Notwithstanding the submission of relevant data, the FDA might ultimately decide that the NDA or BLA does not satisfy its regulatory criteria for approval and, thus, reject the application, refuse to approve it, or require additional clinical, preclinical or chemistry studies. Even after FDA regulatory approval or licensure, a marketed drug product is subject to continual review by the FDA. In addition, if previously unknown problems are discovered or we fail to comply with the applicable regulatory requirements, we might be restricted from marketing a product, we might be required to withdraw the product from the market, and we might possibly become subject to seizures, injunctions, voluntary recalls, or civil, monetary or criminal sanctions. In addition, the FDA may condition marketing approval on the conduct of specific post-marketing studies to further evaluate safety and effectiveness.

For commercialization of our biological or other drug products, the manufacturing processes described in our NDA or BLA must receive FDA approval and the manufacturing facility must successfully pass an inspection prior to approval or licensure of the product for sale within the United States. The pre-approval inspection assesses whether, for example, the facility complies with the FDA's current good manufacturing practices (cGMP) regulations. These regulations elaborate testing, control, documentation, personnel, record keeping and other quality assurance procedure requirements that must be met. Once the FDA approves our biological or other drug products for marketing, we must continue to comply with the cGMP regulations. The FDA periodically inspects biological and other drug manufacturing facilities to ensure compliance with applicable cGMP requirements. Failure to comply with the statutory and

regulatory requirements subjects the manufacturer to possible legal or regulatory action, such as suspension of manufacturing, seizure of product or voluntary recall of a product.

If a developer obtains designations by the FDA of a biologic or other drug as an "orphan" for a particular use, the developer may request grants from the federal government to defray the costs of qualified testing expenses in connection with the development of such drug. Orphan drug designation is possible for drugs for rare diseases, including many genetic diseases, which means the drug is for a disease that has a prevalence of less than 200,000 patients in the United States. The first applicant who receives an orphan drug designation and who obtains approval of a marketing application for such drug acquires the exclusive marketing rights to that drug for that use for a period of seven years unless the subsequent drug can be shown to be clinically superior. Accordingly, no other company would be allowed to market an identical orphan drug with the same active ingredient for the use approved by the FDA for seven years after the approval.

REGULATION OF DIAGNOSTICS

The diagnostic products that are developed by our collaborators or us are likely to be regulated by the FDA as medical devices. Unless an exemption applies, medical devices must receive either "510(k) clearance" or pre-market approval ("PMA") from the FDA before marketing them in the United States. The FDA's 510(k) clearance process usually takes from four to 12 months, but it can last longer. The process of obtaining PMA approval is much more costly, lengthy and uncertain. It generally takes from one to three years or even longer. We cannot be sure that 510(k) clearance or PMA approval will ever be obtained for any product we propose to market.

The FDA decides whether a device must undergo either the 510(k) clearance or PMA approval process based upon statutory criteria. These criteria include the level of risk that the agency perceives is associated with the device and a determination whether the product is a type of device that is similar to devices that are already legally marketed. Devices deemed to pose relatively less risk are placed in either class I or II, which requires the manufacturer to submit a premarket notification requesting 510(k) clearance, unless an exemption applies. The pre-market notification must demonstrate that the proposed device is "substantially equivalent" in intended use and in safety and effectiveness to a legally marketed "predicate device" that is either in class I, class II, or is a "pre-amendment" class III device (i.e., one that was in commercial distribution before May 28, 1976) for which the FDA has not yet called for submission of a PMA application.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, requires a new 510(k) clearance or could require a PMA approval. The FDA requires each manufacturer to make this determination in the first instance, but the FDA can review any such decision. If the FDA disagrees with a manufacturer's decision not to seek a new 510(k) clearance, the agency may retroactively require the manufacturer to seek 510(k) clearance or PMA approval. The FDA also can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or PMA approval is obtained.

Devices deemed by the FDA to pose the greatest risk, such as life-sustaining, life-supporting or implantable devices, or deemed not substantially equivalent to a legally marketed class I or class II predicate device, or to a preamendment class III device for which PMAs have not been called, are placed in class III. Such devices are required to undergo the PMA approval process in which the manufacturer must prove the safety and effectiveness of the device to the FDA's satisfaction. A PMA application must provide extensive preclinical and clinical trial data and also information about the device and its components regarding, among other things, device design, manufacturing and labeling. After approval of a PMA, a new PMA or PMA supplement is required in the event of a modification to the device, it's labeling or its manufacturing process.

Although clinical investigations of most devices are subject to the investigational device exemption ("IDE") requirements, clinical investigations of in vitro diagnostic ("IVDs") tests are exempt from the IDE requirements, including the need to obtain the FDA's prior approval, provided the testing is noninvasive, does not require an invasive sampling procedure that presents a significant risk, does not introduce energy into the subject, and is not used as a diagnostic procedure without confirmation by another medically established test or procedure. In addition, the IVD must be labeled for Research Use Only (RUO) or Investigational Use Only (IUO), and distribution controls must be established to assure that IVDs distributed for research or investigation are used only for those purposes. The FDA expressed its intent to exercise heightened enforcement with respect to IUO and RUO devices improperly commercialized prior to receipt of FDA clearance or approval.

We have developed products that we currently distribute in the United

States on a RUO basis. There can be no assurance that the FDA would agree that our distribution of these products meets the requirements for RUO distribution. Furthermore, failure by us or recipients of our RUO products to comply with the regulatory limitations on the distribution and use of such devices could result in enforcement action by the FDA, including the imposition of restrictions on our distribution of these products.

Any devices that we manufacture or distribute will be subject to a host of regulatory requirements, including the Quality System Regulation (which requires manufacturers to follow elaborate design, testing, control, documentation and other quality assurance procedures), the Medical Device Reporting regulation (which requires that manufacturers report to the FDA certain types of adverse events involving their products), labeling regulations, and the FDA's general prohibition against promoting products for unapproved or "off label" uses. Class II devices also can have special controls such as performance standards, post market surveillance, patient registries, and FDA guidelines that do not apply to class I devices. Unanticipated changes in existing regulatory requirements or adoption of new requirements could hurt our business, financial condition and results of operations.

We are subject to inspection and market surveillance by the FDA to determine compliance with regulatory requirements. If the FDA finds that we have failed to comply, the agency can institute a wide variety of enforcement actions, ranging from a public warning letter to more severe sanctions such as fines, injunction, civil penalties, recall or

seizure of our products, the issuance of public notices or warnings, operating restrictions, partial suspension or total shutdown of production, refusal of our requests for 510(k) clearance or PMA approval of new products, withdrawal of 510(k) clearance or PMA approvals already granted, and criminal prosecution.

The FDA also has the authority to request repair, replacement or refund of the cost of any medical device manufactured or distributed by us. Our failure to comply with applicable requirements could lead to an enforcement action that may have an adverse effect on our financial condition and results of operations.

Unanticipated changes in existing regulatory requirements, our failure to comply with such requirements or adoption of new requirements could have a material adverse effect on us.

We have employees to expedite the preparation and filing of documentation necessary for FDA clearances and approvals, patent issuances and licensing agreements.

We cannot assure you that future clinical diagnostic products developed by us or our collaborators will not be required to be reviewed by FDA under the more expensive and time consuming pre-market approval process.

CLINICAL LABORATORY REGULATIONS

The clinical laboratory industry is subject to significant federal and state regulation, including inspections and audits by governmental agencies. Governmental authorities may impose fines or criminal penalties or take other actions to enforce laws and regulations, including revoking a clinical laboratory's federal certification to operate a clinical laboratory operation. Changes in regulation may increase the costs of performing clinical laboratory tests, increase the administrative requirements of claims or decrease the amount of reimbursement. Our Clinical Laboratory and (where applicable) patient service centers are licensed and accredited by the appropriate federal and state agencies. CLIA (The Clinical Laboratory Improvement Act of 1967, and the Clinical Laboratory Improvement Amendments of 1988) regulates virtually all clinical laboratories by requiring that they be certified by the federal government and comply with various operational, personnel and quality requirements intended to ensure that their clinical laboratory testing services are accurate, reliable and timely. CLIA does not preempt state laws that are more stringent than federal laws. Many clinical laboratories must meet other governmental standards, undergo proficiency testing, and are subject to inspection. Clinical laboratory certificates or licenses are also required by various state and local laws.

CLIA places all tests into one of three categories of complexity (waived, moderate complexity and high complexity) and establishes varying requirements depending upon the complexity category of the test performed. A laboratory that performs high complexity tests must meet more stringent requirements than a laboratory that performs only moderate complexity tests, while those that perform only waived tests may apply for a certificate of waiver from most of the requirements of CLIA. Our facility is certified to perform highly complex tests. In general, the Secretary of Health and Human Services ("HHS") regulations require laboratories that perform high or moderate complexity tests to implement systems that ensure the accurate performance and reporting of test results, establish quality control and quality assurance systems ensure hiring of personnel that meet specified standards, engage in proficiency testing by approved agencies and undergo biennial inspections.

Clinical laboratories also are subject to state regulation. CLIA provides that a state may adopt different or more stringent regulations than Federal law, and permits states to apply for exemption from CLIA if HHS determines that the state's laboratory laws are equivalent to, or more stringent than, CLIA. The State of New York's clinical laboratory regulations contain provisions that are more stringent than Federal law, and New York has received exemption from CLIA. Therefore, as long as New York maintains its CLIA-exempt status, laboratories in New York, including our laboratory, are regulated under New York law rather than CLIA. Our laboratory is licensed in New York and has continuing programs to ensure that its operations meet all applicable regulatory requirements.

The sanction for failure to comply with these regulations may be suspension, revocation, or limitation of a laboratory's CLIA certificate necessary to conduct business, significant fines and criminal penalties. The loss of, or adverse action against, a license, the imposition of a fine, or future changes in Federal, state and local laboratory laws and regulations (or in the interpretation of current laws and regulations) could have a material adverse effect on our business.

CLINICAL LABORATORY REIMBURSEMENT

Billing and reimbursement for clinical laboratory testing is subject to significant and complex federal and state regulation. Penalties for violations of laws relating to billing federal healthcare programs and for violations of federal fraud and abuse laws include: (1) exclusion from participation in Medicare/Medicaid programs; (2) asset forfeitures; (3)

civil and criminal fines and penalties; and (4) the loss of various licenses, certificates and authorizations necessary to operate some or all of a clinical laboratory's business. The Company is not aware of any material violations.

The health care industry has been undergoing significant change because third-party payers, such as Medicare (serving primarily patients 65 and older), Medicaid serving primarily indigent patients, health maintenance organizations and commercial insurers, have increased their efforts to control the cost, utilization and delivery of health care services. To address the problem of increasing health care costs, legislation has been proposed or enacted at both the Federal and state levels to regulate health care delivery in general and clinical laboratories in particular. Additional health care reform efforts are likely to be proposed in the future. In particular, we believe that reductions in reimbursement for Medicare services will continue to be implemented from time to time. Reductions in the reimbursement rates of other third-party payers, commercial insurer and health maintenance organizations are likely to occur as well. We cannot predict the effect that health care reform, if enacted, would have on our business, and there can be no assurance that such reforms, if enacted, would not have a material adverse effect on our business and operations.

Containment of health care costs, including reimbursement for clinical laboratory services, has been a focus of ongoing governmental activity. In 1984, Congress established the Medicare fee schedule for clinical laboratory services, which is applicable to patients covered under Part B of the Medicare program as well as patients receiving Medicaid. Clinical laboratories must bill Medicare directly for the services provided to Medicare beneficiaries and may only collect the amounts permitted under this fee schedule. Reimbursement to clinical laboratories under the Medicare Fee Schedule has been steadily declining since its inception. Furthermore, Medicare has mandated use of the Physicians Current Procedural Terminology ("CPT") for coding of laboratory services which has altered the way we bill these programs for some of our services, thereby reducing the reimbursement that we receive.

In March 1996, HCFA (now, the Center for Medicare and Medicaid Services or CMS) implemented changes in the policies used to administer Medicare payments to clinical laboratories for the most frequently performed automated blood chemistry profiles. Among other things, the changes established a consistent standard nationwide for the content of the automated chemistry profiles. Another change requires laboratories performing certain automated blood chemistry profiles to obtain and provide documentation of the medical necessity of tests included in the profiles for each Medicare beneficiary. Reimbursements have been reduced as a result of this change. Because a significant portion of our costs is fixed, these Medicare reimbursement reductions and changes have a direct adverse effect on our net earnings and cash flows.

Future changes in federal, state and local regulations (or in the interpretation of current regulations) affecting governmental reimbursement for clinical laboratory testing could have a material adverse effect on our business. We cannot predict, however, whether and what type of legislation will be enacted into law. In addition, reimbursement disapprovals by the third party payers, commercial insures and health maintenance organizations, reductions or delays in the establishment of reimbursement rates, and carrier limitations on the insurance coverage of the Company's services or the use of the Company as a

service provider could have a negative effect on the Company's future revenues.

ANTI FRAUD AND ABUSE LAWS

Existing Federal laws governing Medicare, as well as state laws, also regulate certain aspects of the relationship between healthcare providers, including clinical laboratories and their referral sources such as physicians, hospitals and other laboratories. One provision of these laws, known as the "Anti-Kickback Law," contains extremely broad proscriptions. Violation of this provision may result in criminal penalties, exclusion from Medicare, and significant civil monetary penalties. Under another Federal law, known as the "Stark" law or "self-referral prohibition," physicians who have an investment or compensation relationship with an entity furnishing clinical laboratory services (including anatomic pathology and clinical chemistry services) may not, subject to certain exceptions, refer clinical laboratory testing for Medicare patients to that entity. Similarly, laboratories may not bill Medicare or Medicaid or any other party for services furnished pursuant to a prohibited referral. Violation of these provisions may result in disallowance of Medicare for the affected testing services, as well as the imposition of civil monetary penalties. New York State also has laws similar to the Federal Stark and Anti-Kickback laws.

The Federal Stark laws, and New York State law, have also placed restrictions on the supplies and other items that laboratories may provide to their clients. These laws specify that laboratories may only provide clients with items or devices that are used solely to collect, transport or store specimens for the laboratory or to communicate results or tests. Items such as biopsy needles, snares and reusable needles are specifically prohibited from being supplied by laboratories to their clients. These laws represent a significant deviation from practices that previously occurred throughout the industry. The Company has put in place procedures to ensure compliance with these laws and restrictions and believes that it is in compliance with these laws.

In February 1997, the OIG released a model compliance plan for laboratories. One key aspect of the model compliance plan is an emphasis on the responsibilities of laboratories to notify physicians that Medicare covers only medically necessary services. These requirements, and their likely effect on physician test ordering habits, focus on chemistry tests, especially routine tests, rather than on anatomic pathology services or the non-automated tests, which make up the majority of the Company's business measured in terms of net revenues. Nevertheless, they potentially could affect physicians' test ordering habits more broadly. The Company is unable to predict whether, or to what extent, these developments may have an impact or the utilization of the Company's services.

The Company seeks to structure its arrangements with physicians and other customers to be in compliance with the Anti-Kickback, Stark and state laws, and to keep up-to-date on developments concerning their application by various means, including consultation with legal counsel. In addition, in order to address these various Federal and state laws, the Company has developed its own Corporate Compliance Program based upon the OIG model program. The Company's Program focuses on establishing clear standards, training and monitoring of the Company's billing and coding practices. Furthermore, as part of this Program, the Company's Corporate Compliance Committee meets on a regular basis to review various operations and relationships as well as to adopt policies addressing these issues.

However, the Company is unable to predict how the laws described above will be applied in the future, and no assurances can be given that its arrangements or processes will not become subject to scrutiny under these laws.

CONFIDENTIALITY OF HEALTH INFORMATION

The Health Insurance Portability and Accountability Act of 1996 ("HIPAA") was signed into law on August 21, 1996, and it includes "administrative simplification" provisions designed to standardize common electronic transactions in health care and to protect the security and privacy of health information. Congress' purpose in promulgating HIPAA was to increase the efficiency of health care transactions while, at the same time, protecting the confidentiality of patient information. Final regulations have been adopted for electronic transaction, privacy and security standards. Further, final regulations adopting a national employer identifier to be used in electronic health care transactions have been finalized. These provisions have very broad applicability and they specifically apply to health care providers, which include physicians and clinical laboratories.

The electronic transaction standards regulations create guidelines for certain common health care transactions. With certain exceptions, these standards require that when we conduct certain transactions electronically with another provider, clearinghouse or health plan we must comply with the standards set forth in the regulations. The regulations establish standard data content and format for submitting electronic claims and other administrative health transactions. All health care providers will be able to use the electronic

format to bill for their services and all health plans and providers will be required to accept standard electronic claims, referrals, authorizations, and other transactions. The Company believes it is in compliance with these standards. Despite the initial costs, the use of uniform standards for all electronic transactions could lead to greater efficiency in processing claims and in handling health care information.

The privacy regulations, which went into effect in April 2003, create specific requirements for the use and disclosure of protected health information ("PHI"). We are required to maintain numerous policies and procedures in order to comply with these requirements. Furthermore, we need to continuously ensure that there mechanisms to safeguard the PHI, which is used or maintained in any format (e.g., oral, written, or electronic). Failure to comply with these requirements can result in criminal and civil penalties.

The security regulations, which were finalized in February 2003 and went into effect April 2005, require us to ensure the confidentiality, integrity and availability of all electronic protected health information ("EPHI") that we create, receive, maintain, or transmit. We have some flexibility to fashion our own security measures to accomplish these goals, but, in general, the starting point is to determine what security measures we need to take. The security regulations strongly emphasize that we must conduct an accurate and thorough assessment of the potential risks and vulnerabilities of the confidentiality, integrity and availability of our EPHI and then document our response to the various security regulations on the basis of that assessment. We will also be required to create additional policies and procedures in order to comply with these requirements.

Complying with the electronic transaction, privacy and security rules will require significant effort and expense for virtually all entities that conduct health care transactions electronically and handle patient health information. We have already implemented almost all of the requirements of the privacy and electronic transactions standards and will now focus on the security regulations; however, at this time, because we have not yet completed the required security risk assessment, we are unable to estimate the total cost or impact of the regulations.

MEDICAL REGULATED WASTE

We are subject to licensing and regulation under federal, state and local laws relating to the handling and disposal of medical specimens, infectious and hazardous waste, as well as to the safety and health of laboratory employees. All our laboratories are required to operate in accordance with applicable federal and state laws and regulations relating to biohazard disposal of all facilities specimens and we use outside vendors to dispose such specimens. Although we believe that we comply in all respects with such federal, state and local laws, our failure to comply with those laws could subject us to denial of the right to conduct business, fines, criminal penalties and/or other enforcement actions.

OCCUPATIONAL SAFETY

In addition to its comprehensive regulation of safety in the workplace, the Federal Occupational Safety and Health Administration ("OSHA") has established extensive requirements relating to workplace safety for health care employers, including clinical laboratories, whose workers may be exposed to blood-borne pathogens such as HIV and the hepatitis B virus. These regulations, among other things, require work practice controls, protective clothing and equipment, training, medical follow-up, vaccinations and other measures designed to minimize exposure to, and transmission of, blood-borne pathogens. The Federal Drug Enforcement Administration regulates the use of controlled substances in testing for drugs of abuse. We are also subject to OSHA's requirement that employers using hazardous chemicals communicate the properties and hazards presented by those chemicals to their employees. We believe that we are in compliance with these OSHA requirements. Our failure to comply with those regulations and requirements could subject us to tort liability, civil fines, criminal penalties and/or other enforcement actions.

OTHER REGULATION

Our business is and will continue to be subject to regulation under various state and federal environmental, safety and health laws, including the Occupational Safety and Health Act, the Resource Conservation and Recovery Act, and the Atomic Energy Act or their state law analogs. These and other laws govern our use, handling and disposal of various biological, chemical and radioactive substances used in our operations and wastes generated by our operations. We are required to possess licenses under, or are otherwise subject to federal and state regulations pertaining to, the handling and disposal of medical specimens, infectious and hazardous waste and radioactive materials.

We believe that we are in compliance with applicable environmental, safety and health laws and that our continual compliance with these laws will

not have a material adverse effect on our business. All of our laboratories are operated in accordance with applicable federal and state laws and regulations relating to hazardous substances and wastes, and we use qualified third-party vendors to dispose of biological specimens and other hazardous wastes. Although we believe that we comply in all respects with such federal, state and local laws, our failure to comply with those laws could subject us to denial of the right to conduct business, civil fines, criminal penalties and/or other enforcement actions. Environmental contamination resulting from spills or disposal of hazardous substances generated by our operations, even if caused by a third-party contractor or occurring at a remote location could result in material liability.

MANUFACTURING AND FACILITIES

Most of the manufacturing and scientific efforts for our research and development segment and clinical laboratory segment take place at our leased 43,000 square feet facility in Farmingdale, New York. We have a completely integrated laboratory and manufacturing facility, with special handling capabilities and clean rooms suitable for our operations.

We also contract with qualified third-party contractors to manufacture our products in cases where we deem it appropriate, for example, when it is not cost-effective to produce a product ourselves or where we seek to leverage the expertise of another manufacturer in a certain area.

EMPLOYEES

As of July 31, 2005, we employed 292 full-time and 50 part-time employees. Of the full-time employees, 59 were engaged in research, development, manufacturing, administrative support and marketing of research products and 233 at the clinical reference laboratories. Our scientific staff, including 23 individuals with post doctorate degrees, possesses a wide range of experience and expertise in the areas of recombinant DNA, nucleic acid chemistry,

molecular biology and immunology. We believe that the relationships we have established with our employees are good.

INFORMATION SYSTEMS

Information systems are used extensively in virtually all aspects of our clinical laboratory business, including laboratory testing, billing, customer service, logistics, and management of medical data. Our success depends, in part, on the continued and uninterrupted performance of our information technology systems. Computer systems are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious human acts and natural disasters. Moreover, despite network security measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses and similar disruptive problems. Despite the precautionary measures that we have taken to prevent unanticipated problems that could affect our information technology systems, sustained or repeated system failures that interrupt our ability to process test orders, deliver test results or perform tests in a timely manner could adversely affect our reputation and result in a loss of customers and net revenues.

QUALITY ASSURANCE

We consider the quality of our clinical reference laboratory tests to be of critical importance, and, therefore, we established a comprehensive quality assurance program designed to help assure accurate and timely test results. In addition to the compulsory external inspections and proficiency programs demanded by the Medicare program and other regulatory agencies, our clinical laboratory has in place systems to emphasize and monitor quality assurance.

In addition to our own internal quality control programs, our laboratory participates in numerous externally administered, blind quality surveillance programs, including on-site evaluation by the College of American Pathologies ("CAP") proficiency testing program and the New York State survey program. The blind programs supplement all other quality assurance procedures and give our management the opportunity to review our technical and service performance from the client's perspective.

The CAP accreditation program involves both on-site inspections of our laboratory and participation in the CAP's proficiency testing program for all categories in which our laboratory is accredited by the CAP. The CAP is an independent nongovernmental organization of board certified pathologists, which offers an accreditation program to which laboratories can voluntarily subscribe. A laboratory's receipt of accreditation by the CAP satisfies the Medicare requirement for participation in proficiency testing programs administered by an external source. Our clinical laboratory facilities are accredited with distinction, by the CAP.

AVAILABLE INFORMATION

We make available free of charge on or through our Internet website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, if any, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. Our Internet website address is www.enzo.com and you can find these reports under "Investor Information - SEC Filings." The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, which may be accessed at http://www.sec.gov. The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. To obtain information on the operation of the Public Reference Room, you may call the SEC at 1-800-SEC-0330.

FORWARD - LOOKING AND CAUTIONARY 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," "continues" 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. These factors and uncertainties include, but are not limited to:

(a) Heightened competition, including the intensification of price competition.

(b) Impact of changes in payer mix, including the shift from traditional, fee-for-service medicine to managed-cost health care.

(c) Adverse actions by governmental or other third-party payers, including unilateral reduction of fee schedules payable to the Company.

(d) The impact upon the Company's collection rates or general or administrative expenses resulting from compliance with Medicare administrative policies including specifically the HCFA's recent requirement that laboratories performing certain automated blood chemistry profiles obtain and provide documentation of the medical necessity of tests included in the profiles for each Medicare beneficiary.

(e) Failure to obtain new customers, retain existing customers or reduction in tests ordered or specimens submitted by existing customers.

(f) Adverse results in significant litigation matters.

(g) Denial of certification or licensure of any of the Company's clinical laboratories under CLIA, by Medicare programs or other Federal, state or local agencies.

(h) Adverse publicity and news coverage about the Company or the clinical laboratory industry.

(i) Inability to carry out marketing and sales plans.

(j) Loss or retirement of key executives.

(k) Impact of potential patent infringement by others or the Company.

(l) Inability to obtain patent protection or secure and maintain proprietary positions on its technology.

(m) Dependence on new technologies for our product development and dependence on product candidates which are in early stages of development.

(n) Clinical trials for our products will be expensive and their outcome is uncertain. We incur substantial expenses that might not result in approvable or viable products.

(o) If additional capital is not available, we may need to curtail or cease operations.

(p) Fluctuations in quarterly results resulting from uneven customer order flow.

These and other risks and uncertainties are disclosed from time to time in the Company's filings with the Securities and Exchange Commission, in the Company's press releases and in oral statements made by or with the approval of authorized personnel. The Company assumes no obligation to update any forward-looking statements as a result of new information or future events or developments.

Item 2. PROPERTIES

The following are the principal facilities of the Company:

<TABLE>
<CAPTION>

Location	Principal Operations	Approximate Area (sq. ft.)	Base Rent	Lease expiration Date
<S>	<C>	<C>	<C>	<C>
60 Executive Blvd Farmingdale, N.Y.	Corporate headquarters, clinical laboratory, research and manufacturing facilities (See note 6 of Notes to Consolidated Financial Statements)	43,000	$1,161,000	March 31, 2017
527 Madison Ave New York, NY	Executive office	6,400	$367,000	December 31, 2008

</TABLE>

In March 2005, the Company amended and extended the lease for its Farmingdale laboratory and headquarters for a period of 12 years. We believe the current facilities are suitable and adequate for the Company's current operating needs for both its clinical laboratories and research and development segments, and that the production capacity in the Farmingdale facility is being substantially utilized.

Item 3. LEGAL PROCEEDINGS

On October 14, 2004, the Company as plaintiff finalized and executed a settlement and license agreement with Digene Corporation to settle a patent litigation lawsuit (the "Digene agreement"). Under the terms of the agreement, the Company received an initial payment of $16.0 million, would earn in the first "annual period" (October 1, 2004 to September 30, 2005) a minimum royalty payment of $2.5 million, and receive a minimum royalty of $3.5 million in each of the next four annual periods. In addition, the agreement provides for the Company to receive quarterly running royalties on the net sales of Digene products subject to the license until the expiration of the patent on April 24, 2018. These quarterly running royalties will be fully creditable against the minimum royalty payments due in the first five years of the agreement. The balance, if any, of the minimum royalty payment will be recognized in the final quarter of the applicable annual royalty period. As a result of the Digene agreement, the Company recorded a gain on patent litigation settlement of $14.0 million in the first quarter of fiscal 2005, and deferred $2 million which would be earned from net sales of the Company's licensed products covered by the agreement during the first annual period. As of July 31, 2005, the balance of the deferred revenue from the settlement was $359,400.

In October 2002, the Company filed suit in the United States District Court of the Southern District of New York against Amersham plc, Amersham Biosciences, Perkin Elmer, Inc., Perkin Elmer Life Sciences, Inc., Sigma-Aldrich Corporation, Sigma Chemical Company, Inc., Molecular Probes, Inc. and Orchid Biosciences, Inc. In January 2003, the Company amended its complaint to include defendants Sigma Aldrich Co. and Sigma Aldrich, Inc. The counts set forth in the suit are for breach of contract; patent infringement; unfair competition under state law; unfair competition under federal law; tortious interference with business relations; and fraud in the inducement of contract. The complaint alleges that these counts arise out of the defendants' breach of distributorship agreements with the Company concerning labeled nucleotide products and technology, and the defendants' infringement of patents covering the same. In April, 2003, the Court directed that individual complaints be filed separately against each defendant. The defendants have answered the individual complaints and asserted a variety of affirmative defenses and counterclaims. Fact discovery is ongoing. The Court conducted a claim construction hearing from July 5-11, 2005. Closing arguments on claim construction issues were conducted on September 30, 2005. There can be no assurance that the Company will be successful in this litigation. However, even if the Company is not successful, management does not believe that there will be a significant adverse monetary impact to the Company. The Company recorded revenue from only Perkin Elmer during the fiscal year ended July 31, 2005.

On October 28, 2003, the Company and Enzo Life Sciences, Inc., a subsidiary of the Company, filed suit in the United States District Court of the Eastern District of New York against Affymetrix, Inc. The Complaint alleges that Affymetrix improperly transferred or distributed substantial business assets of the Company to third parties, including portions of the Company's proprietary technology, reagent systems, detection reagents and other intellectual property. The Complaint also charges that Affymetrix failed to account for certain shortfalls in sales of the Company's products, and that Affymetrix improperly induced collaborators and customers to use the Company's products in unauthorized fields or otherwise in violation of the agreement. The Complaint seeks full compensation from Affymetrix to the Company for its substantial damages, in addition to injunctive and declaratory relief to prohibit, among other things, Affymetrix's unauthorized use, development, manufacture, sale, distribution and transfer of the Company's products, technology, and/or intellectual property, as well as to prohibit Affymetrix from inducing collaborators, joint venture partners, customers and other third parties to use the Company's products in violation of the terms of the agreement and the Company's rights. Subsequent to the filing of the Complaint against Affymetrix, Inc. referenced above, on or about November 10, 2003, Affymetrix, Inc. filed its own complaint against the Company and its subsidiary, Enzo Life Sciences, Inc., in the United States District Court for the Southern District of New York, seeking among other things, declaratory relief that Affymetrix, Inc., has not breached the parties' agreement, that it has not infringed certain of Enzo's Patents, and that certain of Enzo's patents are invalid. The Affymetrix complaint also seeks damages for alleged breach of the parties' agreement, unfair competition, and tortuous interference, as well as certain injunction relief to prevent alleged unfair competition and tortuous interference. The Company does not believe that the Affymetrix complaint has any merit and intends to defend vigorously. Affymetrix also moved to transfer venue of Enzo's action to the Southern District of New York, where other actions commenced by Enzo were pending as well as Affymetrix's subsequently filed action. On January 30, 2004, Affymetrix's motion to transfer was granted. Accordingly, the Enzo and Affymetrix actions are now both pending in the Southern District of New York. Initial pleadings have been completed and discovery has commenced. The Court conducted a claim construction hearing from July 5 - 11, 2005. Closing arguments on claim construction issues were conducted on September 30, 2005. The Company did not record any revenue from Affymetrix during the fiscal years ended July 31, 2005 and 2004.

On June 2, 2004 Roche Diagnostic GmbH and Roche Molecular Systems, Inc. (collectively "Roche") filed suit in the U.S. District Court of the Southern District of New York against Enzo Biochem, Inc. and Enzo Life Sciences, Inc. (collectively "Enzo"). The complaint was filed after Enzo rejected Roche's latest cash offer to settle Enzo's claims for, INTER ALIA, alleged breach of contract and misappropriation of Enzo's assets. The complaint seeks declaratory judgment (i) of patent invalidity with respect to Enzo's 4,994,373 patent (the "'373 patent"), (ii) of no breach by Roche of its 1994 Distribution and Supply Agreement with Enzo (the "1994 Agreement"), (iii) that non-payment by Roche to Enzo for certain sales of Roche products does not constitute a breach of the 1994 Agreement, and (iv) that Enzo's claims of ownership to proprietary inventions, technology and products developed by Roche are without basis. In addition, the suit claims tortious interference and unfair competition. The Company does not believe that the complaint has merit and intends to vigorously respond to such action with appropriate affirmative defenses and counterclaims. Enzo filed an Answer and Counterclaims on November 3, 2004 alleging multiple breaches of the 1994 Agreement and related infringement of Enzo's 373 patent. Discovery has commenced. The Court conducted a claim construction hearing from July 5-11, 2005. Closing arguments on claim construction issues were conducted on September 30, 2005. The Company did not record any revenue from Roche during the fiscal year ended July 31, 2005.

In June 1999, the Company filed suit in the United States District Court for the Southern District of New York against Gen-Probe Incorporated, Chugai Pharma U.S.A., Inc., Chugai Pharmaceutical Co., Ltd., bioMerieux, Inc., bioMerieux SA, and Becton Dickinson and Company, charging them with infringing the Company's U.S. Patent 4,900,659, which concerns probes for the detection of the bacteria that causes gonorrhea. On January 26, 2001, the court granted the defendants' motion for summary judgment that the Company's patent is invalid. On July 15, 2002, the Court of Appeals for the Federal Circuit reversed the judgment of invalidity and remanded the case to the district court for further proceedings. In March 2003, settlements were reached with bioMerieux and Chugai; the settlements did not have a material monetary impact on the Company. In July 2004, the district court again granted another motion by the remaining defendants (Gen-Probe and Becton Dickinson) that all claims of the Company's patent are invalid. The Company filed an appeal of that judgment. On September 30, 2005, the Court of Appeals affirmed the judgment of invalidity. Management does not believe that there will be a significant adverse monetary impact to the Company.

On March 6, 2002, the Company was named, along with certain of its officers and directors among others, in a complaint entitled Lawrence F. Glaser and Maureen Glaser, individually and on behalf of Kimberly, Erin, Hannah, and

Benjamin Glaser v. Hyman Gross, Barry Weiner, Enzo Biochemical Inc., Elazar Rabbani, Shahram Rabbani, John Delucca, Dena Engelhardt, Richard Keating, Doug Yates, and Does I-50, Case No. CA-02-1242-A, in the U.S. District Court for the Eastern District of Virginia. This complaint was filed by an investor in the Company who had filed for bankruptcy protection and his family. The complaint alleged securities fraud, breach of fiduciary duty, conspiracy, and common law fraud and sought in excess of $150 million in damages. On August 22, 2002, the complaint was voluntarily dismissed; however a new substantially similar complaint was filed at the same time. On October 21, 2002, the Company and the other defendants filed a motion to dismiss the complaint, and the plaintiffs responded by amending the complaint and dropping their claims against defendants Keating and Yates. On November 18, 2002, the Company and the other defendants again moved to dismiss the Amended Complaint. On July 16, 2003, the Court issued a Memorandum Opinion dismissing the Amended Complaint in its entirety with prejudice. Plaintiffs thereafter moved for reconsideration but the Court denied the motion on September 8, 2003. Plaintiffs thereafter appealed the decision to the United States Court of Appeals for the Fourth Circuit. On March 21, 2005, the Fourth Circuit affirmed the lower Court's prior dismissal of all claims asserted in the action, with the sole exception of a portion of the claim for common law fraud and remanded that remaining portion of the action to the U.S. District Court for the Eastern District of Virginia. On May 20, 2005, defendants again moved the District Court to dismiss the sole remaining claim before it. On July 14, 2005, the District Court granted defendants' renewed motion to dismiss. On July 29, 2005, Plaintiffs moved to amend their Complaint for reconsideration. On August 19, 2005, the Court denied Plaintiffs' motion to amend and entered final judgment dismissing the complaint. Thereafter, Plaintiffs appealed the order and judgment to the Fourth Circuit. That appeal is presently pending. The Company continues to believe that the complaint has no merit whatsoever and intends to continue to defend the action vigorously.

On June 7, 2004, the Company and its wholly-owned subsidiary, Enzo Life Sciences, Inc., filed suit in the United States District Court for the District of Connecticut against Applera Corporation and its wholly-owned subsidiary Tropix, Inc. The complaint alleges infringement of six patents (relating to DNA sequencing systems, labelled nucleotide products, and other technology). Yale University is the owner of four of the patents and the Company is the exclusive licensee. Accordingly, Yale is also a plaintiff in the lawsuit. Yale and Enzo are aligned in protecting the validity and enforceability of the patents. Enzo Life Sciences is the owner of the remaining two patents. The complaint seeks permanent injunction and damages (including treble damages for wilful infringement). Defendants answered the complaint on July 29, 2004. The answer pleads affirmative defences of invalidity, estoppel and laches and asserts counterclaims of non-infringement and invalidity. Fact discovery is currently scheduled to close on February 28, 2006. Dispositive motions are currently due on March 27, 2006. The trial date is currently scheduled for October 1, 2006. There can be no assurance that the Company will be successful in this litigation. Even if the Company is not successful,

management does not believe that there will be a significant adverse monetary impact on the Company. The Company did not record any revenue from either of the above during the fiscal years July 31, 2005 and 2004.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were brought to a vote of the Company's stockholders in the fourth fiscal quarter ended July 31, 2005.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The common stock of the Company is traded on the New York Stock Exchange (Symbol:ENZ). The following table sets forth the high and low price of the Company's Common Stock for the periods indicated as reported on the New York Stock Exchange.

	HIGH	LOW
2004 Fiscal Year (August 1, 2003 to July 31, 2004):		
1st Quarter	$22.45	$17.35
2nd Quarter	$20.95	$15.85
3rd Quarter	$19.88	$14.20
4th Quarter	$15.69	$12.57
2005 Fiscal Year (August 1, 2004 to July 31, 2005):		
1st Quarter	$17.69	$11.15
2nd Quarter	$20.40	$17.27
3rd Quarter	$19.27	$13.62
4th Quarter	$18.24	$14.08

As of October 10, 2005, the Company had approximately 1,164 stockholders of record of its Common Stock.

The Company has not paid a cash dividend on its Common Stock and intends to continue a policy of retaining earnings to finance and build its operations. Accordingly, the Company does not anticipate the payment of cash dividends to holders of Common Stock in the foreseeable future. During fiscal 2005, the Company's board of directors declared a 5% stock dividend on October 5, 2004 payable November 15, 2004 to shareholders of record as of October 25, 2004. The fiscal 2004 per share data was adjusted retroactively to reflect the stock dividend declared on October 5, 2004. In fiscal 2003, the Company's board declared a 5% stock dividend on June 10, 2003 payable July 14, 2003 to shareholders of record as of June 30, 2003. The shares and per share data for fiscal 2003 have been adjusted to retroactively reflect the stock dividend in fiscal 2003. The Company recorded a charge to accumulated deficit and offsetting credits to both common stock and additional paid-in capital of approximately $23,433,400 and $37,709,200 in fiscal 2005 and fiscal 2003, respectively, which reflects the fair value of the stock dividends on the dates of declaration

Item 6. SELECTED FINANCIAL DATA

The following table, which is derived from the audited consolidated financial statements of the Company for the fiscal years 2001 through 2005 should be read together with the discussion in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's consolidated financial statements and notes to those statements included elsewhere in this Annual Report on Form 10-K.

<TABLE>
<CAPTION>

OPERATING RESULTS	For the fiscal year ended July 31, (In 000's, except per share data)				
	2005	2004	2003	2002	2001
<S>	<C>	<C>	<C>	<C>	<C>
Operating revenues	$ 43,403	$ 41,644	$ 52,767	$ 54,015	$ 52,266
Gain on patent litigation settlement	14,000	- -	- -	- -	- -
Interest income	1,523	1,152	1,355	1,350	3,003
Income (loss) before income taxes	5,217	(11,080)	5,725	10,340	12,231
(Provision) benefit for income taxes	(2,213)	4,848	(1,881)	(3,417)	(5,418)
Net income (loss)	$ 3,004	$ (6,232)	$ 3,844	$ 6,923	6,813
Basic net (loss) income per common share:	$ 0.09	$ (.20)	$ 0.12	$ 0.22	$ 0.22
Diluted net (loss) income per common share:	$ 0.09	$ (.20)	$ 0.12	$ 0.21	$ 0.21
Denominator for per share calculation:					
Basic	32,097	31,700	31,399	31,359	31,254
Diluted	32,763	31,700	32,175	32,327	32,558
FINANCIAL POSITION:					
Working capital	$ 97,011	$ 92,259	$ 97,723	$ 92,772	$ 85,094
Total assets	116,466	110,334	$ 115,878	109,291	102,931
Long term obligations	150	300	- -	- -	- -

Stockholders' equity	$ 108,267	$ 104,166	$ 109,380	104,733	$ 97,517

</TABLE>

No cash dividends have been declared on the Company's common stock.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and related notes. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements. See "Forward-Looking and Cautionary Statements." Because of the foregoing factors, you should not rely on past financial results as an indication of future performance. We believe that period-to-period comparisons of our financial results to date are not necessarily meaningful and expect that our results of operations might fluctuate from period to period in the future.

Enzo Biochem, Inc. (the "Company" or "Enzo") is a leading life sciences and biotechnology company focused on harnessing genetic processes to develop research tools, diagnostics and therapeutics. Enzo also provides clinical laboratory services to the medical community. In addition, our work in gene analysis has led to our development of significant therapeutic product candidates, several of which are currently in clinical trials, and several are in preclinical studies.

The business activities of the Company are performed by the Company's three wholly owned subsidiaries. These activities are: (1) research and development, manufacturing and marketing of biomedical research products and tools through Enzo Life Sciences and research and development of therapeutic products through Enzo Therapeutics, and (2) the operation of a clinical reference laboratory through Enzo Clinical Labs. For information relating to the Company's business segments, see Note 13 of the Notes to Consolidated Financial Statements.

The Company's source of revenue has been from the direct sales of research products consisting of labeling and detection reagents for the genomics and sequencing markets, as well as through non-exclusive distribution

agreements with other companies. Another source of revenue has been from the clinical laboratory service market. Payments for clinical laboratory testing services are made by the Medicare program, healthcare insurers and patients. Fees billed to patients, Medicare, and third party payers are billed on the laboratory's standard gross fee schedule, subject to any limitations on fees negotiated with the third party payers or with the ordering physicians on behalf of their patients.

The Company incurs additional costs as a result of our participation in the Medicare programs, as billing and reimbursement for clinical laboratory testing is subject to considerable and complex federal regulations. Compliance with applicable laws and regulations, as well as internal compliance policies and procedures, adds further complexity and costs to our operations. Government payers such as Medicare, as well as healthcare insurers have taken steps and may continue to take steps to control the costs, utilizations and delivery of healthcare services, including clinical laboratory services. Principally as a result of reimbursement reductions and measures adopted by the Centers for Medicare & Medicaid Services, or CMS, which establishes procedures and continuously evaluates and implements changes in the reimbursement process to control utilization, Despite the added cost and complexity of participating in the Medicare program, we continue to participate because we believe that our other business may depend, in part, on continued participation in Medicare since certain ordering physicians may want a single laboratory capable of performing all of their clinical laboratory testing services, regardless of who pays for such services.

Information systems are used extensively in virtually all aspects of the clinical laboratory operations, including testing, billing, customer service, logistics, and management of medical data. Our success depends, in part, on the continued and uninterrupted performance of our information technology systems. Through maintenance, staffing, and investments in our information technology system, we expect to reduce the risk associated with our heavy reliance on these systems

The clinical laboratory is subject to seasonal fluctuations in operating results and cash flows. Typically, testing volume declines during the summer months, year end holiday periods and other major holidays, reducing net revenues and operating cash flows. Testing volume is also subject to declines in winter months due to inclement weather, which varies in severity from year to year.

For the fiscal years ended July 31, 2005 and 2004, respectively,

approximately 24% and 31% percent of the Company's operating revenues were derived from research product sales and approximately 76% and 69% were derived from clinical laboratory services.

Research product revenue from Affymetrix represented approximately 0%, 0% and 22% of the consolidated revenues in fiscal 2005, 2004 and 2003, respectively, under a non-exclusive distribution and supply agreement. At July 31, 2005 and 2004, of the Company's net accounts receivable no monies were included from this former major distributor. Research product revenue from Perkin-Elmer represented approximately 3%, 8% and 4% of the consolidated revenues in fiscal 2005, 2004 and 2003, respectively, under a non-exclusive distribution and supply agreement. At July 31, 2005 and 2004, approximately 0% and 5%, respectively, of the Company's net accounts receivable relate to amounts due from this distributor. Research product revenue from Amersham represented approximately 0%, 0% and 1% of the consolidated revenues in fiscal 2005, 2004 and 2003, respectively, under a terminated non-exclusive distribution and supply agreement. At July 31, 2004 and 2003, 0% and 2%, respectively, of the Company's net accounts receivable relate to amounts due from this former distributor. Research product revenue from Roche represented approximately 0%, 8% and 6% of the consolidated revenues in fiscal 2005, 2004 and 2003, respectively, under a non-exclusive distribution and supply agreement. At July 31, 2005 and 2004, 0% and 0% respectively of the Company's net accounts receivable relate to amounts due from the this distributor.

The following table summarizes research product revenues from non-exclusive distribution agreements for the fiscal years ended July 31, 2005, 2004 and 2003:

<TABLE>
<CAPTION>

	% of Revenue			% of Accounts Receivable	
	2005	2004	2003	2005	2004
<S>	<C>	<C>	<C>	<C>	<C>
Affymetrix	0%	0%	22%	0%	0%
Perkin-Elmer	3%	8%	4%	0%	5%
Amersham	0%	0%	1%	0%	0%
Roche	0%	8%	6%	0%	0%

</TABLE>

On October 14, 2004, the Company as plaintiff finalized and executed a settlement and license agreement with Digene Corporation to settle a patent litigation lawsuit (the "Digene agreement"). Under the terms of the agreement, the Company received an initial payment of $16.0 million, would earn in the first "annual period" (October 1, 2004 to September 30, 2005) a minimum royalty payment of $2.5 million, and receive a minimum royalty of $3.5 million in each of the next four annual periods. In addition, the agreement provides for the Company to receive quarterly running royalties on the net sales of Digene products subject to the license until the expiration of the patent on April 24, 2018.

These quarterly running royalties will be fully creditable against the minimum royalty payments due in the first five years of the agreement. The balance, if any, of the minimum royalty payment will be recognized in the final quarter of the applicable annual royalty period.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 2005, our cash and cash equivalents of $77.0 million and marketable securities of $6.7 million together totaled $83.7 million, an increase of $12.0 million from July 31, 2004. We had working capital of $97.0 million at July 31, 2005 compared to $92.3 million at July 31, 2004. As a result of the Digene agreement, the Company recorded a gain on patent litigation settlement of $14.0 million in the first quarter of fiscal 2005, and deferred $2 million which would be earned from net sales of the Company's licensed products covered by the agreement during the first annual period. As of July 31, 2005, the balance of the deferred revenue from the settlement was $359,400. See Legal Proceedings.

Net cash provided by operating activities for the year ended July 31, 2005 was approximately $12.8 million as compared to net cash used by operating activities of $5.6 million for the year ended July 31, 2004. The increase in net cash provided by operating activities in fiscal 2005 of $18.4 million was primarily due to fiscal 2005's net income, which includes the gain from the Digene agreement, and by the net change in operating assets and liabilities compared to the prior year, which includes the receipt of the income tax

receivable amount of $3.9 million. In fiscal 2005, net cash provided by investing activities increased approximately $13.2 million from fiscal 2004, primarily due to sales of marketable securities. In fiscal 2005, net cash provided by financing activities decreased approximately $0.4 million from fiscal 2004 primarily as a result of the decrease in proceeds from the exercise of stock options.

Net accounts receivable of $13.4 million and $14.8 million represented 119 days and 141 days of operating revenues at July 31, 2005 and 2004, respectively. The change in net accounts receivable is due to a decrease in accounts receivable at the clinical laboratory of approximately $0.6 million and a decrease of research products accounts receivable of approximately $0.8 million. The decrease in the clinical laboratory receivable is primarily due to improvements in the collection process. The decrease in the research products accounts receivable is primarily due to the decrease in revenues from distributors of research products. Net accounts receivable from our clinical laboratory operations of $12.5 million and $13.1 million represented an average of 143 days and 173 days of clinical laboratory services revenues at July 31, 2005 and 2004, respectively.

The Company has entered into various real estate and equipment leases. The real estate lease for the Company's Farmingdale headquarters is with a related party. See Note 6 to the Consolidated Financial Statements for a further description of these various leases.

The following is a summary of future payments under the Company's contractual obligations as of July 31, 2005:

<TABLE>
<CAPTION>

	PAYMENTS DUE BY PERIOD				
	Total	Less than 1 year	1-3 years	4-5 years	Over 5 years
<S>	<C>	<C>	<C>	<C>	<C>
Real estate and equipment leases	$23,637,000	$2,601,000	$5,394,000	$4,664,000	$10,978,000
Total contractual cash obligations	$23,637,000	$2,601,000	$5,394,000	$4,664,000	$10,978,000

</TABLE>

We believe that our current cash position is sufficient for our foreseeable liquidity and capital resource needs, although there can be no assurance that future events will not alter such view.

Management is not aware of any material claims, disputes or settled matters concerning third-party reimbursements that would have a material effect on our financial statements.

CRITICAL ACCOUNTING POLICIES

GENERAL

The Company's discussion and analysis of its financial condition and results of operations are based upon Enzo Biochem, Inc. consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses; these estimates and judgments also affect related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to contractual allowance, allowance for uncollectible accounts, intangible assets and income taxes. The Company bases its estimates on experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

REVENUE RECOGNITION

RESEARCH PRODUCT REVENUES

Revenues from research product sales, exclusive of certain non-exclusive distribution agreements, are recognized when the products are shipped, the sales price is fixed or determinable and collectibility is

reasonably assured. The Company has certain non-exclusive distribution agreements, which provide for consideration to be paid to the distributors for the manufacture of certain products. The Company records such consideration provided to distributors under these non-exclusive distribution agreements as a reduction to research product revenues. The revenue from these non-exclusive distribution agreements are recognized when shipments are made to their respective customers and reported to the Company.

CLINICAL LABORATORY SERVICES

Revenues from the clinical laboratory are recognized upon completion of the testing process for a specific patient and reported to the ordering physician. The Company's revenue is based on gross amounts billed or billable for services rendered, net of estimated contractual adjustments and other arrangements made with third-party payers to provide services at less than established billing rates. Our accounting system does not record contractual adjustments at the time of billing. Instead, contractual adjustments, and the provision for doubtful accounts, are estimated based on historical collection experience using a retrospective collection analysis and aging models.

The following is a table of the clinical laboratory segment's gross billing percentages by billing category:

Gross Billing category	Fiscal year July 31, 2005 % to total	Fiscal year July 31, 2004 % to total
Medicare	29%	31%
Third party carriers	40%	40%
Patient self-pay	13%	10%
HMO's	18%	19%
Total	100%	100%

CONTRACTUAL ALLOWANCES

Medicare regulations and the various third party payers and managed care contracts are often complex and may include multiple reimbursement mechanisms for different types of services provided in our clinical laboratory. We estimate the allowance for contractual allowances based on our interpretation of the applicable regulations and historical calculations. The Company estimates its contractual allowance based on historical collection experience using a retrospective collection analysis and aging models. However, the services authorized and provided and related reimbursement are often subject to interpretation that could result in payments that differ from our estimates. Additionally, updated regulations occur frequently necessitating continual review and assessment of the estimation process by management.

The process the Company uses to determine its estimate of the contractual allowances for its laboratory services segment is based upon a rolling monthly weighted average of historical reimbursement statistics. During the fiscal years ended July 31, 2005, 2004, and 2003, the contractual allowance percentages, determined using the rolling monthly weighted average historical reimbursement statistics, were 72.5%, 70.9%, and 68.0%, respectively.

The Company projects (by using a sensitivity analysis) that each 1% change in the contractual allowance percentage could result in a change in the net accounts receivable of approximately $531,000 and $596,000, as of July 31, 2005 and 2004, respectively, and a change in clinical laboratory services revenues of approximately $1,202,000, $987,000, and $922,000 for the fiscal years ended July 31, 2005, 2004, and 2003, respectively.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company utilizes a historical collection analysis to establish allowances for doubtful accounts for each receivable category, which considers the aging of the receivables and results in an increase in the allowances as the aging of the related receivables increases. The Company believes collection of receivables from self payers is subject to credit risk and the patient's ability to pay.

The allowance for doubtful accounts also includes the uncollectible balances from third party payers for the insufficient diagnosis information received from the ordering physician, which result in denials of payment. In addition, the allowance is increased when a receivable from a third party or HMO remains open due to a denial of coverage based upon the provider relationships. The Company reserved for or wrote off 100% of all accounts receivable (for all payers) over 210 days during fiscal 2005 as it assumed all these accounts are uncollectible. The written off amounts are kept on the aging for patient billing and demographic information. The Company also set up reserves for accounts under 210 days in fiscal 2005. The Company adjusts the estimate for any recoveries on an ongoing basis through the historical collection analysis.

The Company's ability to collect outstanding receivables from third party payers is critical to its operating performance and cash flows. The primary collection risk lies with uninsured patients or patients for whom primary insurance has paid but a patient portion remains outstanding. The Company estimates the allowance for doubtful accounts primarily based upon the age of the accounts since invoice date. The Company continually monitors its accounts receivable balances and utilizes cash collections data to support the basis for its estimates of the provision for doubtful accounts. Significant changes in payer mix or regulations could have a significant impact on the Company's results of operations and cash flows. In addition, the Company has implemented a process to estimate and review the collectibles of its receivables based on the period they have been outstanding. Historical collection and payer reimbursement experience is an integral part of the estimation process related to reserves for doubtful accounts. The Company also assesses the current state of its billing functions in order to identify any known collection or reimbursement issues in order to assess the impact, if any, on the reserve estimates, which involves judgment. The Company believes that the collectibility of its receivables is directly linked to the quality of its billing processes, most notably, those related to obtaining the correct information in order to bill effectively for the services provided. Revisions in reserve for doubtful accounts estimates are recorded as an adjustment to bad debt expense. The Company believes that its collection and reserves processes, along with the close monitoring of its billing processes, helps reduce the risk associated with material revisions to reserve estimates resulting from adverse changes in collection and reimbursement experience and billing operations.

INCOME TAXES

The Company accounts for income taxes under the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The liability method requires that any tax benefits recognized for net operating loss carry forwards and other items be reduced by a valuation allowance where it is more likely than not the benefits may not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

RESULTS OF OPERATIONS

<TABLE>
<CAPTION>

COMPARATIVE FINANCIAL DATA FOR THE FISCAL YEARS ENDED JULY 31,

(in 000's)

	2005	Increase (Decrease)	% Change	2004	Increase (Decrease)	% Change	2003
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:							
Research product sales and royalties	$ 10,546	$ (2,426)	(19)	$ 12,972	($10,281)	(44)	$ 23,253
Clinical laboratory services	32,857	4,184	15	28,672	(842)	(3)	29,514
Total revenue	43,403	1,758	4	41,644	(11,123)	(21)	52,767
Costs and expenses and other (income):							
Cost of research products	2,196	(322)	(13)	2,518	(871)	(26)	3,389
Cost of laboratory services	12,548	1,962	19	10,586	993	10	9,593
Research & development	8,452	374	5	8,078	(233)	(3)	8,311
Selling, general and administrative	20,069	5,702	40	14,367	2,270	19	12,097
Provision for uncollectible A/R	4,967	(7,020)	(59)	11,987	2,642	28	9,345
Legal expenses	5,476	(864)	(14)	6,340	679	12	5,661

Interest income	(1,523)	(371)	32	(1,152)	203	(15) (1,355)
Gain on patent litigation settlement	(14,000)	(14,000)	--	--	--	-- --
Costs and expenses	38,186	(14,538)	(28)	52,724	5,683	12 47,041
Operating income (loss)	$ 5,217	$ 16,297	--	$(11,080)	$(16,806)	-- $ 5,726

</TABLE>

FISCAL 2005 COMPARED TO FISCAL 2004

Fiscal 2005 research product revenues and royalty income was $10.5 million compared to $13.0 million in fiscal 2004, a decrease of $2.4 million or 19%. The decrease was primarily due to the Company not recording revenue due to the ongoing dispute with certain distributors on the sales of certain licensed products, partially offset by the increase in direct sales of our research products and royalty income from Digene. The decline in the gross profit margin on research product sales and royalties in fiscal 2005 compared to fiscal 2004 is due to the decline in revenues from distributors with whom we had supply agreements. Revenues from these distributors were net of manufacturing costs. See Legal Proceedings.

Fiscal 2005 clinical laboratory revenues were $32.9 million compared to $28.7 million in fiscal 2004, an increase of $4.2 million or 15%, primarily due to the increase in the number of customer accounts being serviced. This increase in new customer accounts is due to the expansion into the New Jersey and Westchester market that commenced in the fourth quarter of fiscal 2004.

The cost of research products revenues in fiscal 2005 was $2.2 million compared to $2.5 million in fiscal 2004, a decrease of $0.3 million or 13%, primarily due to lower royalty costs because of the expiration of a licensed patent agreement with Yale University.

The cost of clinical laboratory services in fiscal 2005 was $12.5 million compared to $10.6 million in fiscal 2004, an increase of $1.9 million or 19%, primarily due to the increased number of tests performed and higher costs incurred to perform certain esoteric tests. The increase in tests performed is due to the new accounts being serviced through the expansion into New Jersey markets.

Fiscal 2005 research and development expenses were $8.5 million compared to $8.1 million in fiscal 2004, an increase of $0.4 million or 5% primarily due to increases in clinical trial study costs for the development of therapeutic products.

Fiscal 2005 selling, general and administrative expenses were $20.1 million compared to $14.4 million in fiscal 2004, an increase of $5.7 million or 40%. The increase was primarily due to an increase in direct selling expenditures for our clinical reference laboratory and life science divisions, an increase in information technology costs for the expansion of the information technology connectivity system and data center personnel costs including infrastructure expenses and accounting related fees for the compliance with the Sarbanes-Oxley Act of 2002.

Fiscal 2005 provision for uncollectible accounts receivable in the clinical reference laboratory segment was $5.0 million, compared to $12.0 million during the same period in 2004, a decrease of $7.0 million or 59%. The percentage of the provision for uncollectible accounts receivable as a proportion of clinical laboratory services revenues decreased to 15.0% in fiscal 2005 compared to 36% for the 2004 period. This decrease was primarily due to improved collection

procedures and due to the change in the mix of the demographics of the patients from the New Jersey new customer accounts.

Fiscal 2005 legal expenses were $5.5 million compared to $6.3 million in fiscal 2004, a decrease of $0.8 million or 14%. The decrease is primarily due to the reduction of legal activities because of the settlement with Digene Corporation during fiscal 2005's first quarter ended October 31, 2004.

Fiscal 2005 interest income increased $0.4 million or 32% to $1.5 million compared to $1.2 million during fiscal 2004, due to the increased amount of cash available for investment and the increase in interest rates offered on debt securities.. The Company earns interest on its cash and cash equivalents by investing primarily in short term (90 days or less) diverse financial instruments with high credit ratings.

On October 14, 2004, the Company as plaintiff finalized and executed a settlement and license agreement with Digene Corporation to settle a patent litigation lawsuit (the "Digene agreement"). Under the terms of the agreement, the Company received an initial payment of $16.0 million, would earn in the first "annual period" (October 1, 2004 to September 30, 2005) a minimum royalty payment of $2.5 million, and receive a minimum royalty of $3.5 million in each of the next four annual periods. In addition, the agreement provides for the Company to receive quarterly running royalties on the net sales of Digene products subject to the license until the expiration of the patent on April 24, 2018. These quarterly running royalties will be fully creditable against the minimum royalty payments due in the first five years of the agreement. The balance, if any, of the minimum royalty payment will be recognized in the final quarter of the applicable annual royalty period.

As a result of the above settlement, the Company recorded a gain on patent litigation settlement of $14.0 million in the first quarter of fiscal 2005, and deferred $2 million which would be earned from net sales of the Company's licensed products covered by the agreement during the first annual period. As of July 31, 2005, the balance of the revenue deferred from the settlement was $359,400. See Legal Proceedings.

In fiscal 2005, the Company's provision for income taxes was $2.2 million which was based on the effective federal, state and local income tax rates applied to the fiscal year's taxable income. The provision for income taxes, at an effective rate of 42%, was different from the U.S. federal statutory rate of 34% due to state income taxes, net of federal tax deduction of approximately 6%, expenses not deductible for income tax return purposes of 2%, a benefit for foreign sales(-1%) and other adjustments of 1%. In fiscal 2004, the Company's benefit for income taxes was $4.8 million which was based on the effective federal, state and local income tax rates applied to the fiscal year's taxable income. The benefit for income taxes, at an effective rate of 44%, was different from the U.S. federal statutory rate of 34% due to state income tax benefit, net of federal, of approximately 4%, a benefit for foreign sales of 2% and other benefits, net, of 4%.

The research and development segment's fiscal 2005 income before income taxes was $11.5 million compared to a loss of $1.3 million in fiscal 2004. The fiscal 2005 increase resulted from the $14 million gain and related earned royalties from the Digene agreement. The gain was partially offset by a decline in research product revenues due to the ongoing dispute with certain distributors on the sales of certain licensed products. The clinical reference laboratory segment's income before income taxes was $2.8 million versus a loss of $1.5 million. The increase is due to higher revenues, due to the increase in the number of customer accounts being serviced, and a lower provision for uncollectible accounts, due to the change in the mix of payers and the expansion into the New Jersey markets. The Other segment's (loss) before income taxes was ($9.0) million versus ($8.3) million in fiscal 2004, primarily due to accounting related fees for compliance with the Sarbanes-Oxley Act of 2002 not incurred in the 2004 period.

FISCAL 2004 COMPARED TO FISCAL 2003

Revenues from operations for the fiscal year ended July 31, 2004 were $41.6 million a decrease of $11.1 million over revenues from operations for the fiscal year ended July 31, 2003. This decrease was due to a decrease of $10.3 million in revenues from our research product sales operations and decrease of $.8 million in revenues from clinical reference laboratory operation over revenues for such activities in fiscal 2004.

The decrease in research product sales resulted primarily from a decrease in direct sales of research products of labeling and detection reagents for the genomics and sequencing markets related to shipments to Affymetrix, a major distributor. Research product revenue from this one major distributor accounted for approximately 0% and 50% of the Company's total research product revenues in fiscal 2004 and 2003, respectively. See Item 3. Legal Proceedings.

The decrease of clinical laboratory services revenue was due primarily to the recent downward trends that had indicated a decrease in the reimbursements rates from the Medicare Program, certain third party payers and HMO's. Clinical laboratory services are provided to patients covered by various third party payer programs, including Medicare

and health maintenance organizations ("HMO's"). Billings for services are included in revenue net of allowances for contractual discounts and allowances paid for differences between the amounts billed and the estimated amount to be paid. The effect of such reduced reimbursement rates have been reflected in fiscal 2004. The clinical laboratory is subject to seasonal fluctuations in operating results. Volume of testing generally declines during the summer months, the year-end holiday periods and other major holidays. In addition, volume declines due to inclement weather may reduce net revenues. Therefore, comparison of the results of successive quarters may not accurately reflect trends or results for the full year.

The cost of research products sold decreased by $0.9 million from the prior fiscal year. This decrease was primarily due to the decrease in research product revenue based on the termination of a contract with one major distributor.

The cost of clinical laboratory services increased by $1.0 million during this period primarily due to an increase in costs with certain esoteric tests and costs related to performing more testing in house.

Research and development expenses decreased by approximately $0.2 million as a result of a decrease in the expenses related to the clinical trial activities and other research projects.

Selling, general and administrative expenses increased by $2.2 million during this fiscal year, as compared to the prior year's fiscal year. This increase was primarily due to an increase in both the sales personnel and marketing expenditures for research product sales and clinical laboratory services, an increase at the clinical lab in the information technology expenditures, and an increase in the in-house legal patent costs

The Company's provision for uncollectible accounts receivable increased by $2.6 million to $11.9 million from $9.3 million as compared to last year. At the clinical laboratory division the percentage of the provision for uncollectible accounts receivable as a relationship to revenue increased to 35.7% this fiscal year as compared to 29.6% for last year. These increases were primarily due to the change in the mix of payers during the current fiscal year. The company wrote off $1.8 million of an uncollectible receivable from one of its distributors at the Life Science division this fiscal year. See Item 3. Legal Proceedings.

The Company's legal expenses increased by $0.6 million to $6.3 million from $5.7 million as compared to the previous year. This increase is primarily due to the increase in patent infringement proceedings and the increase in the overall legal activities on these infringement proceedings.

Interest income was comparable to the prior fiscal year.

In fiscal 2004, we recorded a benefit for income taxes of $4.8 million, based upon an $11.1 million loss before benefit for taxes on income in the current year as compared to a provision for income taxes of $1.9 million in fiscal 2003, which were based on the combined effective federal, state and local income tax rates.

Net accounts receivable from our clinical laboratory operations of $13.1 million and $14.4 million represented an average of 167 days and 174 days of operating revenues at July 31, 2004 and 2003, respectively.

Loss before provision for taxes on income from the research and development segment activities and related costs was $1.3 million in fiscal 2004, as compared to income before provision for taxes on income of $9.4 million in fiscal 2003. The decrease in the profit resulted primarily from a decrease in direct sales of research products of labeling and detection reagents for the genomics and sequencing markets to Affymetrix a major distributor. Loss before provision for taxes on income from the clinical reference laboratories segment amounted to a $1.5 million for fiscal 2004, as compared to income of $3.0 million for fiscal 2003. The decrease in income before taxes for the clinical laboratory segment was primarily due to the reduction in reimbursement rates from third party payers. Loss before provision for taxes on income at the other segment amounted to a loss of $8.3 million for fiscal 2004, as compared to a loss of $6.7 million for fiscal 2003, due to the increase in legal expenses in fiscal 2004.

The Company does not have any "off-balance sheet arrangements" as such term is defined in Item 303(a) (4) of Regulation S-K.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company believes that it does not have any material exposure to market risk associated with interest rate risk, foreign currency exchange rate risk, commodity price risk, equity price risk, or other market risks.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is submitted in a separate section of this report. See Item 15(a) (1) and (2)

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

Item 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of July 31, 2005. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of July 31, 2005, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure, and ensure that information required to be disclosed in the reports the Company files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING.

Management of Enzo Biochem, Inc. 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 Exchange Act. 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 generally accepted accounting principles. 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.

Management utilized the criteria set forth in "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, to conduct an assessment of the effectiveness of the Company's internal control over financial reporting as of July 31, 2005. Based on the assessment, management has concluded that, as of July 31, 2005, the Company's internal control over financial reporting is effective.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of July 31, 2005, has been audited by Ernst & Young LLP an independent registered public accounting firm. Ernst & Young LLP has issued an attestation report on management's assessment of the Company's internal control over financial reporting, which is included herein.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.

The Company has expended significant resource in achieving compliance with Section 404 of the Sarbanes-Oxley Act. Through internal resources and the assistance of outside consultants, the Company developed and executed a plan to evaluate, document, test and improve, where necessary, its internal controls over financial reporting. Although, as stated below, the Company has not made any changes during the most recent fiscal quarter that have materially affected internal controls over financial reporting, in the course of achieving compliance with the Section 404 of the Sarbanes-Oxley Act, the Company has made changes designed to improve several areas within its system of internal controls. The nature of these changes included greater segregation of responsibilities, better documentation of work procedures and managerial review, dual approvals, revisions to delegation of authority and tightening access restrictions to systems, data and assets.

There has been no change in the Company's internal control over financial reporting that occurred during the Company's fiscal fourth quarter ended July 31, 2005 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Enzo Biochem, Inc.

We have audited management's assessment, included in Item 9A, that Enzo Biochem, Inc. (the "Company") maintained effective internal control over financial reporting as of July 31, 2005, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Enzo Biochem, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal

control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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, management's assessment that Enzo Biochem, Inc. maintained effective internal control over financial reporting as of July 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Enzo Biochem, Inc. maintained, in all material respects, effective internal control over financial reporting as of July 31, 2005, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Enzo Biochem, Inc. (the "Company") as of July 31, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended July 31, 2005 and our report dated October 12, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Melville, NY
October 12, 2005

ITEM 9B. OTHER INFORMATION

None

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS

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

Directors - The following sets forth certain information regarding directors of the Company who are not executive officers of the Company. Information with respect to directors of the Company who are also executive officers of the Company appears below under the sub caption "Executive Officers." The Company has a classified Board of Directors consisting of three classes.

JOHN B. SIAS (age 78) has been a Director of the Company since 1982. Mr. Sias had been President and Chief Executive Officer of Chronicle Publishing Company from April 1993 to September 2000. From January 1986 until April 1993, Mr. Sias was President of ABC Network Division, Capital Cities/ABC, Inc. From 1977 until January 1986, he was the Executive Vice President, President of the Publishing Division (which includes Fairchild Publications) of Capital Cities Communications, Inc.

JOHN J. DELUCCA (age 62) has been a Director of the Company since 1982. From 2003 to 2004, Mr. Delucca was Executive Vice President and Chief Financial

Officer of REL Consulting Group. Mr. Delucca was the Chief Financial Officer & Executive Vice President, Finance & Administration of Coty, Inc., from 1999 to 2002. From 1993 until 1999, he was Senior Vice President and Treasurer of RJR Nabisco, Inc. From 1992 to 1993, he was managing director and Chief Financial Officer of Hascoe Associates, Inc. From 1990 to 1992, he was President of The Lexington Group. From 1989 to 1990, he was Senior Vice President-Finance of the Trump Group. From 1986 until 1989, he was senior Vice President-Finance at International Controls Corp. From 1985 to 1986, he was a Vice President and Treasurer of Textron, Inc. Prior to that, he was a Vice President and Treasurer of the Avco Corporation, which was acquired by Textron.

IRWIN C. GERSON (age 75) has been a Director of the Company since May 2001. From 1995 until December 1998, Mr. Gerson served as Chairman of Lowe McAdams Healthcare and prior thereto had been, since 1986, Chairman and Chief Executive Officer of William Douglas McAdams, Inc., one of the largest advertising agencies in the U.S. specializing in pharmaceutical marketing and communications to healthcare professionals. In February 2000, he was inducted into the Medical Advertising Hall of Fame. Mr. Gerson has a Bachelor of Science in Pharmacy from Fordham University and an MBA from the NYU Graduate School of Business Administration. He is a director of Andrx Corporation, a NASDAQ listed company which specializes in proprietary drug delivery technologies. From 1990-1999, he was Chairman of the Council of Overseers of the Arnold and Marie Schwartz College of Pharmacy and has served as a trustee of The Albany College of Pharmacy and Long Island University.

MELVIN F. LAZAR, CPA (age 66) has been a Director of the Company since August 2002. Mr. Lazar was a founding partner of the public accounting firm of Lazar, Levine & Felix (LLP) from 1969 until October 2002. Mr. Lazar and his firm served the business and legal communities for over 30 years. He is an expert on the topic of business valuations and merger and acquisition activities. Mr. Lazar is a board member and chairman of the audit committee of Arbor Realty Trust, Inc. (ABR:NYSE). Arbor is a real estate investment trust (REIT) formed to invest in real estate related bridge and mezzanine loans, preferred equity investments and other real estate related assets. Mr. Lazar is a board member and serves as the Chairman of the Audit Committee of privately owned Active Media Services, Inc., the largest corporate barter company in the nation. Mr. Lazar holds a Bachelor of Business Administration degree from The City College of New York (Baruch College).

MARCUS A. CONANT, M.D. (age 69) was appointed to the board in July 2004. Dr. Conant received his B.S. and M.D. degrees from Duke University. He was an exchange student at Hammersmith Hospital in London, England and held an Elective Fellowship in Biochemistry at the London Hospital. Dr. Conant has been the recipient of numerous awards, and has served as a member of or consultant to a broad array of scientific societies and associations, community organizations and government committees and has authored or co-authored more than 70 published papers. Dr. Conant is a Clinical Professor at the University of California San Francisco (UCSF) and has been on the faculty of UCSF since 1967. He currently serves as Chairman of the Board of the Conant Foundation, an HIV/AIDS education and research foundation based in San Francisco. Dr. Conant served as principal investigator for Enzo's Phase I clinical trial of its gene medicine for HIV-1 infection.

Executive Officers - The following table sets forth the names and positions of all of the current executive officers of the Company:

<TABLE>
<CAPTION>

Name	Position
<S>	<C>
Elazar Rabbani, Ph.D.	Chief Executive Officer, Chairman of the Board of Directors
Shahram K. Rabbani	Chief Operating Officer, Secretary, Treasurer
Barry W. Weiner	President, Chief Financial Officer
Dean Engelhardt, Ph.D.	Executive Vice President
Norman E. Kelker, Ph.D.	Senior Vice President
Herbert B. Bass	Vice President of Finance
Barbara E. Thalenfeld, Ph.D.	Vice President, Corporate Development
David C. Goldberg	Vice President, Business Development

</TABLE>

DR. ELAZAR RABBANI (age 61) Enzo Biochem's founder has served as the Company's Chairman of the Board of Directors and Chief Executive Officer since its inception in 1976. 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.

SHAHRAM K. RABBANI (age 53) Chief Operating Officer, Treasurer, Secretary and Director, is a founder and has been with the Company since its

inception. He is also President of Enzo Clinical Labs. Mr. Rabbani serves on the New York State Clinical Laboratory Association, a professional board. Mr. Rabbani is a trustee of Adelphi University and serves as Chairman of its audit committee. He received a Bachelor of Arts Degree in Chemistry from Adelphi University, located in Long Island, New York.

BARRY W. WEINER (age 55) President, Chief Financial Officer and Director, is a founder of Enzo Biochem, Inc. He has served as the Company's President since 1996, and previously held the position of Executive Vice President. Before his employment with Enzo, he worked in several managerial and marketing positions at the Colgate Palmolive Company. Mr. Weiner is a Director of the New York Biotechnology Association. He received his Bachelor of Arts degree in Economics from New York University and a Master of Business Administration in Finance from Boston University.

DR. DEAN ENGELHARDT (age 65) Executive Vice President has held this position since July 2000. Since joining the Company in 1981, Dr. Engelhardt has held several other executive and scientific positions within Enzo Biochem. In addition, Dr. Engelhardt has authored many papers in the area of nucleic acid synthesis and protein production and has been a featured presenter at numerous scientific conferences and meetings. He holds a Ph.D. degree in Molecular Genetics from Rockefeller University.

DR. NORMAN E. KELKER (age 66) Senior Vice President has held this position since 1989. Before this, he was the Company's Vice President for Scientific Affairs. Dr. Kelker has authored numerous scientific papers and presentations in the biotechnology field. He is a member of American Society of Microbiology and the American Association of the Advancement of Science. Dr. Kelker received his Ph.D. in Microbiology and Public Health from Michigan State University.

HERBERT B. BASS (age 57) Vice President of Finance for the Company and is also Senior Vice President of Enzo Clinical Labs. Before his promotion in 1989 to Vice President of Finance, Mr. Bass served as the Corporate Controller of the Company. Mr. Bass has been with The Company since 1986. From 1977 to 1986, Mr. Bass held various positions at Danziger and Friedman, Certified Public Accountants, the most recent of which was audit manager. For the preceding seven (7) years, he held various positions at Berenson & Berenson, Certified Public Accountants. Mr. Bass received a Bachelor of Business Administration degree in Accounting from Bernard M. Baruch College, in New York City.

DR. BARBARA E. THALENFELD (age 65) Vice President of Corporate Development for Enzo Biochem and Vice President of Clinical Affairs for Enzo Therapeutics. Dr. Thalenfeld has been employed with the Company since 1982. She has authored numerous scientific papers in the areas of molecular biology and genetics, and is a member of the American Society of Gene Therapy, the Association of Clinical Research Professionals, and the Drug Development Association. Dr. Thalenfeld received her Ph.D. at the Institute of Microbiology at Hebrew University in Jerusalem, Israel and a Master of Science degree in Molecular Biology from Yale University. She also completed a Post Doctoral Fellowship in the Department of Biological Sciences at Columbia University.

DAVID C. GOLDBERG (age 48) Vice President of Business Development for Enzo Biochem and Senior Vice President of Enzo Clinical Labs has been employed with the company since 1985. He has held several 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 a Master of Science degree in Microbiology from Rutgers University and a Master of Business Administration in Finance from New York University.

Dr. Elazar Rabbani and Shahram K. Rabbani are brothers and Barry W. Weiner is their brother-in-law.

Item 11. EXECUTIVE COMPENSATION

The information required under this item will be set forth in the Company's proxy statement to be filed with the Securities and Exchange Commission on or before November 28, 2005 and is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required under this item will be set forth in the Company's proxy statement to be filed with the Securities and Exchange Commission on or before November 28, 2005 and is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required under this item will be set forth in the Company's proxy statement to be filed with the Securities and Exchange Commission on or before November 28, 2005 and is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required under this item will be set forth in the Company's proxy statement expected to be filed with the Securities and Exchange Commission on or before November 28, 2005 and is incorporated herein by reference.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) (1) Consolidated Financial Statements
Consolidated Balance Sheets - July 31, 2005 and 2004
Consolidated Statements of Operations- Years ended July 31, 2005, 2004 and 2003
Consolidated Statements of Stockholders' Equity - Years ended July 31, 2005, 2004 and 2003
Consolidated Statements of Cash Flows - Years ended July 31, 2005, 2004 and 2003
Notes to Consolidated Financial Statements.

(2) Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts

All other schedules have been omitted because the required information is included in the consolidated financial statements or the notes thereto or because they are not required.

(3) Exhibits

The following documents are filed as Exhibits to this Annual Report on Form 10-K:

Exhibit No.	Description
3(a)	Certificate of Incorporation, as amended March 17, 1980. (1)
3(b)	June 16, 1981 Certificate of Amendment of the Certificate of Incorporation. (2)
3(c)	Certificate of Amendment to the Certificate of Incorporation. (3)
3(d)	Bylaws. (1)
10(b)	1993 Incentive Stock Option Plan. (5)

10(c)	Employment Agreement with Elazar Rabbani. (5)
10(d)	Employment Agreement with Shahram Rabbani. (5)
10(e)	Employment Agreement with Barry Weiner. (5)
10(f)	1994 Stock Option Plan. (6)
10(g)	Agreement with Corange International Limited (Boehringer Mannheim) effective April 1994. (19) (7)
10(h)	Agreement with Amersham International effective February 1995. (7)
10(i)	Agreement with Dako A/S effective May 1995. (7)
10(j)	Agreement with Baxter Healthcare Corporation (VWR Scientific Products) effective September 1995. (7)
10(k)	Agreement with Yale University and amendments thereto. (7)
10(l)	Agreement with The Research Foundation of the State of New York effective May 1987. (7)
10(m)	1999 Stock Option Plan filed. (8)
10(n)	Amendment to Elazar Rabbani's employment agreement. (9)
10(o)	Amendment to Shahram Rabbani's employment agreement. (9)
10(p)	Amendment to Barry Weiner's employment agreement. (9)

10(r) Code of Ethics (10)

10(s) Settlement and License Agreement with Digene Corporation effective as of September 30, 2004 (10) (12)

10(t) Joint Stipulation and Order of Dismissal with Prejudice dated October 14, 2004 (10) (12).

10(u) 2005 Equity Compensation Incentive Plan (11)

10(v) Lease agreement with Pari Management (filed herewith)

14(a) Code of Ethics (10)

21 Subsidiaries of the registrant:
Enzo Clinical Labs, Inc., a New York corporation.
Enzo Life Sciences, Inc., a New York corporation.
Enzo Therapeutics, Inc., a New York corporation.

23 Consent of Independent Registered Public Accounting Firm filed herewith.

31(a) Certification of CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.

31(b) Certification of CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith.

32(a) Certification of CEO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.

32(b) Certification of CFO Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith.

Notes to exhibits

(1) The exhibits were filed as exhibits to the Company's Registration Statement on Form S-18 (File No. 2-67359) and are incorporated herein by reference.

(2) This exhibit was filed as an exhibit to the Company's Form 10-K for the year ended July 31, 1981 and is incorporated herein by reference.

(3) This exhibit was filed with the Company's Annual Report on Form 10-K for the year ended July 31, 1989 and is incorporated herein by reference.

(5) This exhibit was filed with the Company's Annual Report on Form 10-K for the year ended July 31, 1994 and is incorporated herein by reference.

(6) This exhibit was filed with the Company's Annual Report on Form 10-K for the year ended July 31, 1995 and is incorporated herein by reference.

(7) This exhibit was filed with the Company's Annual Report on Form 10-K for the year ended July 31, 1996 or previously filed amendment thereto and is incorporated herein by reference.

(8) This exhibit was filed with the Company's Registration Statement on Form S-8 (333-87153) and is incorporated herein by reference.

(9) This exhibit was filed with the Company's Annual Report on Form 10-K for the year ended July 31, 2000 and is incorporated herein by reference.

(10) This exhibit filed with the Company's Annual Report on Form 10-K for the year ended July 31, 2004 and is incorporated herein by reference

(11) This exhibit was filed as an exhibit to the Company's Proxy Statement of Schedule 14A filed on January 19, 2005 and is incorporated herein by reference

(12) These exhibits are subject to a confidential treatment request pursuant to securities exchange act rules.

(b) See Item 15(a) (3), above.
(c) See Item 15(a) (2), above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ENZO BIOCHEM, INC.

Date:October 14, 2005 By: /s/ Elazar Rabbani Ph.D.
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Elazar Rabbani Ph.D. October 14, 2005
Elazar Rabbani
Chairman of Board of Directors
(Principal Executive Officer)

By: /s/ Shahram K. Rabbani October 14, 2005
Shahram K. Rabbani,
Chief Operating Officer, Secretary and Director

By: /s/ Barry W. Weiner October 14, 2005
Barry W. Weiner,
President, Chief Financial Officer, and Director

By: /s/ John B. Sias October 14, 2005
John B. Sias, Director

By: /s/ John J. Delucca October 14, 2005
John J. Delucca, Director

By: /s/ Irwin Gerson October 14, 2005
Irwin Gerson, Director

By: /s/ Melvin F. Lazar October 14, 2005
Melvin F. Lazar, Director

Marcus A. Conant, Director

FORM 10-K, ITEM 15(a) (1) and (2)
ENZO BIOCHEM, INC.

LIST OF CONSOLIDATED FINANCIAL STATEMENTS AND
FINANCIAL STATEMENT SCHEDULE

The following consolidated financial statements and financial statement schedule of Enzo Biochem, Inc. are included in Item 15(a):

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
Enzo Biochem, Inc

We have audited the accompanying consolidated balance sheets of Enzo Biochem, Inc. (the "Company") as of July 31, 2005, and 2004, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended July 31, 2005. Our audits also included the financial statement schedules listed in the Index at Item 15(a). These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Enzo Biochem, Inc. at July 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended July 31, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of July 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated October 12, 2005, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Melville, NY
October 12, 2005

ENZO BIOCHEM, INC.
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

ASSETS

	July 31, 2005	2004
Current assets:		
<S>	<C>	<C>
Cash and cash equivalents	$ 76,980,900	$ 54,499,100
Marketable securities	6,713,600	17,241,500
Accounts receivable, net of allowance for doubtful accounts of $2,291,700 in 2005 and $2,770,300 in 2004	13,420,500	14,794,400
Income tax receivable	--	3,906,900

Inventories	2,876,100	3,434,300
Prepaid expenses	2,579,900	1,832,500
Prepaid taxes	1,329,200	--
Deferred taxes	899,700	1,974,800
Total current assets	104,799,900	97,683,500
Property and equipment, net of accumulated depreciation and amortization of $7,278,700 in 2005 and $7,681,000 in 2004	2,669,500	2,414,600
Goodwill	7,452,000	7,452,000
Patent costs, net of accumulated amortization of $9,695,300 in 2005 and $8,383,600 in 2004	1,332,800	2,624,500
Other	211,600	159,600
	$ 116,465,800	$ 110,334,200

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accrued legal fees	$ 2,716,800	$ 2,050,500
Trade accounts payable	2,413,600	2,092,300
Other accrued expenses	1,347,900	494,300
Accrued payroll	515,100	475,400
Deferred revenue	359,400	--
Accrued research and development expenses	286,300	225,000
Installment payable	150,000	--
Deferred rent	--	86,700
Total current liabilities	7,789,100	5,424,200
Deferred taxes	260,000	444,200
Long term installment payable	150,000	300,000
Commitments		
Stockholders' equity:		
Preferred Stock, $.01 par value; authorized 25,000,000 shares; no shares issued or outstanding		
Common Stock, $.01 par value; authorized 75,000,000 shares; shares issued: 32,526,800 in 2005 and 30,864,800 in 2004	325,300	308,600
Additional paid-in capital	230,643,800	205,920,000
Less treasury stock at cost: 384,400 shares in 2005 and 349,900 shares in 2004	(5,994,400)	(5,668,900)
Accumulated deficit	(116,577,400)	(96,148,000)
Accumulated other comprehensive loss	(130,600)	(245,900)
Total stockholders' equity	108,266,700	104,165,800
	$ 116,465,800	$ 110,334,200

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</TABLE>

See accompanying notes

ENZO BIOCHEM, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	Fiscal years ended July 31,		
	2005	2004	2003
<S>	<C>	<C>	<C>
Revenues:			
Research product revenues and royalty income	$ 10,546,000	$ 12,972,200	$ 23,253,100
Clinical laboratory services	32,856,600	28,672,200	29,513,900
	43,402,600	41,644,400	52,767,000
Costs and expenses and other (income):			
Cost of research product revenues	2,196,400	2,517,800	3,388,900
Cost of clinical laboratory services	12,547,600	10,586,200	9,592,900
Research and development expense	8,452,400	8,078,300	8,311,200
Selling, general, and administrative expense	20,069,200	14,367,200	12,097,400
Provision for uncollectible accounts receivable	4,967,100	11,986,500	9,345,300
Legal expense	5,475,500	6,339,900	5,661,000
Interest income	(1,522,900)	(1,151,800)	(1,355,000)
Gain on patent litigation settlement	(14,000,000)	--	--
	38,185,300	52,724,100	47,041,700
Income (loss) before income taxes	5,217,300	(11,079,700)	5,725,300
(Provision) benefit for income taxes	(2,213,300)	4,848,100	(1,881,300)
Net income (loss)	$ 3,004,000	($ 6,231,600)	$ 3,844,000
Net income (loss) per common share:			
Basic	$ 0.09	($ 0.20)	$ 0.12
Diluted	$ 0.09	($ 0.20)	$ 0.12
Weighted average common shares outstanding:			
Basic	32,097,000	31,700,000	31,399,000
Diluted	32,763,000	31,700,000	32,175,000

	==========	==========		

</TABLE>

See accompanying notes

ENZO BIOCHEM INC
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED JULY 31, 2005, 2004 AND 2003

<TABLE>
<CAPTION>

	COMMON STOCK SHARES	TREASURY STOCK SHARES	Common Stock Amount	Additional Paid-in Capital	Treasury Stock Amount
<S>	<C>	<C>	<C>	<C>	<C>
Balance at July 31, 2002	28,459,800	--	$ 284,600	$ 160,499,800	--
Net income for the year ended July 31, 2003	--	--	--	--	--
Unrealized loss on available for-sale securities, net of tax	--	--	--	--	--
Comprehensive income					
5% stock dividend (fair value on date declared)	1,423,600	--	14,300	37,694,900	--
Increase in common stock and paid-in capital due to exercise of stock options	73,300	--	700	630,100	--
Issuance of stock for employee 401(k) plan match	18,400	--	200	257,000	--
Balance at July 31, 2003	29,975,100	--	299,800	199,081,800	--
Net loss for the year ended July 31, 2004	--	--	--	--	--
Unrealized loss on available for-sale securities, net of tax	--	--	--	--	--
Comprehensive loss					
Purchase of treasury stock	--	349,900	--	--	($5,668,900)
Increase in common stock and paid-in capital due to exercise of stock options	873,900	--	8,700	6,556,100	--
Issuance of stock for employee 401(k) plan match	15,800	--	100	282,100	--
Balance at July 31, 2004	30,864,800	349,900	308,600	205,920,000	(5,668,900)
Net income for the year ended July 31, 2005	--	--	--	--	--
Unrealized gain on available for-sale securities, net of tax	--	--	--	--	--
Reclassification adjustment for net loss realized and reported in net income	--	--	--	--	--
Valuation reserve					
Comprehensive loss					
5% stock dividend (fair value on date declared)	1,543,600	17,500	15,500	23,417,900	--
Purchase of treasury stock	--	17,000			

(325,500)				
Tax benefit for stock options exercised				124,300
Increase in common stock and paid-in capital due to exercise of stock options	100,300	--	1,000	830,200
--				
Issuance of stock for employee 401(k) plan match	18,100		200	351,400
--				
Balance at July 31, 2005	32,526,800	384,400	$ 325,300	$ 230,643,800
($5,994,400)				

</TABLE>

<TABLE>
<CAPTION>

	Accumulated Deficit	Other Comprehensive Loss	Accumulated Total Stockholders' Equity
<S>	<C>	<C>	<C>
Balance at July 31, 2002	($ 56,051,200)	--	$ 104,733,200
Net income for the year ended July 31, 2003	3,844,000	--	3,844,000
Unrealized loss on available for-sale securities, net of tax	--	($85,000)	(85,000)
Comprehensive income			3,759,000
5% stock dividend (fair value on date declared)	(37,709,200)	--	--
Increase in common stock and paid-in capital due to exercise of stock options	--	--	630,800
Issuance of stock for employee 401(k) plan match	--	--	257,200
Balance at July 31, 2003	(89,916,400)	(85,000)	109,380,200
Net loss for the year ended July 31, 2004	(6,231,600)	--	(6,231,600)
Unrealized loss on available for-sale securities, net of tax	--	(160,900)	(160,900)
Comprehensive loss			(6,392,500)
Purchase of treasury stock	--	--	(5,668,900)
Increase in common stock and paid-in capital due to exercise of stock options	--	--	6,564,800
Issuance of stock for employee 401(k) plan match	--	--	282,200
Balance at July 31, 2004	(96,148,000)	(245,900)	104,165,800
Net income for the year ended July 31, 2005	$ 3,004,000	--	3,004,000
Unrealized gain on available for-sale securities, net of tax	--	43,100	
Reclassification adjustment for net loss realized and reported in net income	--	122,000	
Valuation reserve		(49,800)	115,300
Comprehensive loss			3,119,300
5% stock dividend (fair value on date declared)	(23,433,400)	--	--
Purchase of treasury stock	--	--	(325,500)
Tax benefit for stock options exercised			124,300
Increase in common stock and paid-in capital due to exercise of stock options	--	--	831,200
Issuance of stock for employee 401(k) plan match	--	--	351,600
Balance at July 31, 2005	($116,577,400)	($130,600)	$ 108,266,700

</TABLE>

See accompanying notes

ENZO BIOCHEM, INC
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Fiscal years ended
July 31,	

	2005	2004	2003
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income (loss)	$ 3,004,000	($ 6,231,600)	$ 3,844,000
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization of property and equipment	1,020,400	1,076,000	1,058,000
Amortization of patent costs	1,311,700	1,285,500	750,000
Provision for uncollectible accounts receivable	4,967,100	11,986,500	9,345,300
Deferred taxes	890,900	(1,650,700)	(128,100)
Issuance of stock for 401 K plan employer match	351,600	282,200	257,200
Deferred rent	(86,700)	(232,600)	(195,400)
Loss on sales of marketable securities	200,200	--	--
Tax benefit on stock option exercise	124,300	--	--
Other	(51,900)	1,400	(14,800)
Changes in operating assets and liabilities:			
Accounts receivable before provision for uncollectible amounts	(3,593,200)	(9,514,500)	(6,344,200)
Inventories	558,200	(12,500)	768,400
Income taxes receivable	3,906,900	(3,364,600)	1,426,300
Prepaid expenses	(747,400)	400,400	(741,900)
Prepaid taxes	(1,329,200)	--	--
Trade accounts payable and other accrued expenses	1,174,900	714,600	(374,700)
Accrued research and development expenses	61,300	(228,400)	453,400
Deferred revenue	359,400	--	--
Accrued legal fees	666,300	135,300	1,775,200
Accrued payroll	39,700	(227,600)	227,100
Total adjustments	9,824,500	651,000	8,261,800
Net cash provided by (used in) operating activities	12,828,500	(5,580,600)	12,105,800
INVESTING ACTIVITIES			
Capital expenditures	(1,275,700)	(1,303,800)	(956,700)
Patent costs deferred	(19,700)	(443,800)	(353,900)
Sales (purchases) of marketable securities, net	10,442,800	(2,349,000)	(15,293,400)
Net cash provided by (used in) investing activities	9,147,400	(4,096,600)	(16,604,000)
FINANCING ACTIVITIES			
Proceeds from the exercise of stock options, net	505,900	895,700	630,800
Proceeds from insurance loss	--	13,000	--

Net cash provided by financing activities	505,900	908,700 630,800
Net increase (decrease) in cash and cash equivalents	22,481,800	(8,768,500) (3,867,400)
Cash and cash equivalents at the beginning of the year	54,499,100	63,267,600 67,135,000
Cash and cash equivalents at the end of the year	$ 76,980,900	$ 54,499,100 $ 63,267,600

</TABLE>

See Note 2 for supplemental disclosure for statement of cash flows - non cash transactions

See accompanying notes

ENZO BIOCHEM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 2005, 2004 AND 2003

NOTE 1 - BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BUSINESS

Enzo Biochem, Inc. (the "Company") is engaged in research, development, manufacturing and marketing of diagnostic and research products based on genetic engineering, biotechnology and molecular biology. These products are designed for the diagnosis of and/or screening for infectious diseases, cancers, genetic defects and other medically pertinent diagnostic information. The Company is conducting research and development activities in the development of therapeutic products based on the Company's technology platform of genetic modulation and immune modulation. The Company also operates a clinical reference laboratory that offers and provides diagnostic medical testing services to the health care community.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated.

CASH AND CASH EQUIVALENTS

The Company considers its investments in highly liquid corporate debt instruments with maturities of three months or less at the date of purchase to be cash equivalents. The Company limits concentration of credit risk by diversifying its investments among a variety of high credit quality issuers.

MARKETABLE SECURITIES

Investments with a maturity greater than three months at the date of purchase are designated as marketable securities. At July 31, 2005 and 2004, management designated marketable securities held by the Company as available-for-sale securities, for purposes of Statement of Financial Accounting Standards No. 115 "Accounting for Certain Investments in Debt and Equity Securities". Securities available-for-sale are carried at fair value with the unrealized losses reported in stockholders' equity under the caption "Accumulated other comprehensive loss".

The Company periodically reviews its investment portfolio to determine if there is an impairment that is other than temporary. In testing for impairment, the

Company considers, among other factors, the length of time and the extent of a security's unrealized loss, the financial condition and near term prospects of the issuer, economic forecasts and market or industry trends. The cost of marketable securities sold is based on the original cost basis plus any reinvested dividends.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments that subject the Company to significant concentrations of credit risk primarily consist of cash and cash equivalents, marketable securities, net accounts receivable, accounts payable and accrued liabilities, which are carried at cost, which management believes approximates fair value. The Company's cash equivalents and marketable securities are invested in financial instruments with high credit ratings.

CONCENTRATION OF CREDIT RISK

At July 31, 2005 and 2004, approximately 94% and 89%, respectively, of the Company's net accounts receivable relates to its clinical reference laboratory business, which operates in the New York Metropolitan area. The Company believes that the concentration of credit risk with respect to clinical laboratory's accounts receivable is limited due to the diversity of the Company's client base, the number of insurance carriers it deals with, and its numerous individual patient accounts. As is standard in the health care industry, substantially all of the Company's clinical laboratory's accounts receivable is with numerous third party insurance carriers and individual patient accounts. The Company also provides services to certain patients covered by various third-party payers, including the Federal Medicare program. Revenue, net of contractual allowances, from direct billings under the Federal Medicare program during the years ended July 31, 2005, 2004 and 2003 were approximately 20%, 19% and 11%, respectively, of the Company's total revenue. The clinical reference laboratory industry is characterized by a significant amount of uncollectible accounts receivable resulting from the inability to receive accurate and timely billing information in order to forward it to the third party payers for reimbursement, and the inaccurate information received from the covered individual patients for unreimbursed unpaid amounts.

INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out) or market. Work-in-process and finished goods inventories consist of material, labor, outside processing costs and manufacturing overhead.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, and depreciated on the straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the related leases or estimated useful lives of the assets, whichever is shorter.

PATENT COSTS

The Company capitalizes certain legal costs directly incurred in pursuing patent applications as deferred patent costs under its research and development segment. When such applications result in an issued patent, the related costs are amortized over a ten year period or the life of the patent, whichever is shorter, using the straight-line method. The Company reviews its issued patents and pending patent applications, and if it determines to abandon a patent application or that an issued patent no longer has economic value, the unamortized balance in deferred patent costs relating to that patent is immediately expensed.

COMPREHENSIVE INCOME

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130"), requires reporting and displaying of comprehensive loss and its components. In accordance with SFAS 130, the accumulated balance of other comprehensive loss, which is comprised of net unrealized losses on marketable securities, is disclosed as a separate component of stockholders' equity.

REVENUE RECOGNITION

Revenues from the clinical laboratory are recognized upon completion of the testing process for a specific patient and reported to the ordering physician. The Company's revenue is based on amounts billed or billable for services rendered, net of contractual adjustments and other arrangements made with third-party payers to provide services at less than established billing rates. The Company's contractual adjustments, and the provision for doubtful accounts,

are estimated based on historical collection experience using a retrospective collection analysis and aging models. Should circumstances change (e.g. shift in payer mix, decline in economic conditions, or deterioration in aging of patient receivables), our estimates of the net realizable value of patient receivables could be reduced by a material amount.

Revenues from research product sales, exclusive of certain non-exclusive distribution agreements, are recognized when the products are shipped, the sales price is fixed or determinable and collectibility is reasonably assured. The Company has certain non-exclusive distribution agreements, which provide for consideration to be paid to the distributors for the manufacture of certain products. The Company records such consideration provided to distributors under these non-exclusive distribution agreements as a reduction to research product revenues. During the fiscal years ended July 31, 2005, 2004, and 2003, the manufacturing and processing cost of these products sold was $0.7 million, $7.4 million, and $7.0 million, respectively. The revenue from these non-exclusive distribution agreements are recognized when shipments are made to their respective customers and reported to the Company.

REIMBURSEMENT CONTINGENCIES

Laws and regulations governing Medicare are complex and subject to interpretation for which action for noncompliance includes fines, penalties and exclusion from the Medicare programs. The Company believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

SHIPPING AND HANDLING COSTS

Research product revenue shipping and handling costs included in selling expense amounted to approximately $299,000, $384,000, and $414,000 for fiscal years ended July 31, 2005, 2004, and 2003, respectively.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development costs are charged to research and development expenses as incurred. Such costs include costs of scientific personnel, supplies, consultants, allocated facility costs, costs related to pre-clinical and clinical trials, and amortization of patent expense.

INCOME TAXES

The Company accounts for income taxes under the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The liability method requires that any tax benefits recognized for net operating loss carryforwards and other items be reduced by a valuation allowance where it is more likely than not that the benefits may not be realized. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under the liability method, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

RECLASSIFICATIONS

Certain amounts in prior years have been reclassified to conform to current year presentation.

GOODWILL AND OTHER INTANGIBLES

The Company follows the provisions of the Financial Accounting Standards Board ("FASB") Statement No. 142 ("SFAS 142"), Goodwill and Other Intangibles. Under SFAS 142, goodwill is no longer subject to amortization over its estimated useful life. Rather, goodwill is subject to at least an annual assessment for impairment by applying a fair-value based test. Additionally, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if intangible asset can be sold, transferred, licensed, rented or exchanged, regardless of the acquirer's intent to do so. All of the Company's goodwill is related to their clinical reference laboratory segment. The Company adopted SFAS No. 142 as of August 1, 2002 and has performed the requisite impairment testing. The Company has performed their annual

impairment testing during the fourth quarter of its fiscal year. Based on this testing, there is no impairment to the goodwill recorded on the accompanying balance sheet as of July 31, 2005 and 2004.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company accounts for its investments in long-lived assets in accordance with FASB Statement No. 144 ("SFAS No. 144"), Accounting for the Impairment or Disposal of Long-Lived Assets and Long-Lived Assets. The Company adopted SFAS No. 144 on August 1, 2002. SFAS No. 144 requires a company to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Factors the Company considers important, which could trigger an impairment review, include, among others, the following:

- a significant adverse change in the extent or manner in which a long-lived asset is being used;
- a significant adverse change in the business climate that could affect the value of a long-lived asset; and
- a significant decrease in the market value of assets.

The Company periodically evaluates the recoverability of the net carrying value of its property, and intangible assets. An impairment loss is recognized when the carrying value of the long-lived asset exceeds its undiscounted future cash flows and its fair value. A loss on impairment would be recognized through a charge to earnings. No impairment charges were required in fiscal 2005, 2004, or 2003.

SEGMENT REPORTING

The FASB issued Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information" which establishes standards for reporting information on operating segments in interim and annual financial statements. An enterprise is required to separately report information about each operating segment that engages in business activities from which the segment may earn revenues and incur expenses, whose separate operating results are regularly reviewed by the chief operating decision maker regarding allocation of resources and performance assessment and which exceed specific quantitative thresholds related to revenue and profit or loss. During all fiscal periods presented, the Company met these requirements, and accordingly has two reportable segments (see Note 13).

STOCK DIVIDENDS

During fiscal 2005, the Company's board of directors declared a 5% stock dividend on October 5, 2004 payable November 15, 2004 to shareholders of record as of October 25, 2004. The fiscal 2004 per share data was adjusted retroactively to reflect the stock dividend declared on October 5, 2004. In fiscal 2003, the Company's board declared a 5% stock dividend on June 10, 2003 payable July 14, 2003 to shareholders of record as of June 30, 2003. The shares and per share data for fiscal 2003 have been adjusted to retroactively reflect the stock dividend in fiscal 2003. The Company recorded a charge to accumulated deficit and offsetting credits to both common stock and additional paid-in capital of $23,433,400 and $37,709,200 in fiscal 2005 and fiscal 2003, respectively, which reflects the fair value of the stock dividends on the dates of declaration

NET INCOME (LOSS) PER SHARE

The Company applies SFAS No. 128, "Earnings per Share." SFAS No. 128 establishes standards for computing and presenting earnings per share. Basic net income (loss) per share represents net income (loss) divided by the weighted average number of common shares outstanding during the period. The dilutive effect of potential common shares, consisting of outstanding stock options, is determined using the treasury stock method in accordance with SFAS No. 128. Diluted weighted average shares outstanding for 2004 do not include the potential common shares from stock options because to do so would have been antidilutive. Accordingly, basic and diluted net loss per share is the same. The number of potential common shares excluded from the calculation of diluted earnings per share during the year ended July 31, 2004 was 798,349 shares.

The following table sets forth the computation of basic and diluted net income (loss) per share pursuant to SFAS No. 128.

<TABLE>
<CAPTION>

Fiscal years ended July 31,	2005	2004	2003
<S>	<C>	<C>	<C>
Numerator:			
Net income (loss) for numerator for basic and diluted net income per common share	$3,004,000	$(6,231,600)	$3,844,000
Denominator:			
Denominator for basic net income (loss) per common share-weighted-average shares	32,097,000	31,700,000	31,399,000
Effect of dilutive employee and director stock options	666,000	- -	776,000
Denominator for diluted net income (loss) per share-adjusted weighted-average shares	32,763,000	31,700,000	32,175,000
Basic net income (loss) per share	$.09	$(.20)	$.12
Diluted net income (loss) per share	$.09	$(.20)	$.12

</TABLE>

Basic earnings per share have been computed using the weighted-average number of shares of common stock outstanding. Diluted earnings per share has been computed using the basic weighted-average shares of common stock issued plus outstanding stock options, in the periods in which such options have a dilutive effect under the treasury stock method.

For the fiscal years ended July 31, 2005, 2004 and 2003, the effect of approximately 818,300, 554,500, and 79,900, respectively, of outstanding options to purchase common shares were excluded from the calculation of diluted net income (loss) per share because their effect would be anti-dilutive.

STOCK COMPENSATION PLANS

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123 "Share-Based Payment" ("SFAS 123(R)"). The statement requires that the compensation cost relating to share-based payment transactions be recognized in financial statements. That cost will be measured based on the fair value of the equity or liability instrument issued. The statement covers a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. The Company was required to adopt SFAS 123(R) as of August 1, 2005, the first day of its fiscal year ending July 31, 2006. The adoption of SFAS 123(R) will have a material impact on the consolidated financial statements of the Company.

For the fiscal year ending July 31, 2005, the Company continued to account for stock option grants to employees under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. Under APB No. 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recorded.

Pro forma information regarding net income (loss) applicable to common stockholders is required by FASB Statement No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," which also requires that the information be determined as if the Company has accounted for its stock options under the fair value method of that statement. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The fair value for these options was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions used for all grants in the years ended July

31, 2005, 2004, and 2003: no dividend yield, weighted-average expected life of

the option of seven years, risk-free interest rate ranges of 3% to 6.88% and a volatility of 0.71, 0.74, and 0.77, respectively, for all grants.

During the fiscal years ended July 31, 2005 and 2004, the Company followed the provisions of FASB Statement No. 148 ("SFAS 148"), "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition to SFAS No. 123's fair value method of accounting for stock-based employee compensation. SFAS No. 148 also amends the disclosure provisions of SFAS No. 123 to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income. While SFAS No. 148 did not amend SFAS No. 123 to require companies to account for employee stock options using the fair value method, as SFAS No. 123(R) did, the disclosure provisions of SFAS No. 148 are applicable to all companies with stock-based employee compensation, method of SFAS No. 123 or the intrinsic value method of APB No. 25. The Company adopted the disclosure provisions of SFAS No. 148 effective January 31, 2004.

On June 3, 2005, the Board of Directors approved the acceleration of vesting of unvested "out of the money" stock options held by employees, including executive officers, and directors. The stock options considered as out of the money were those with an exercise price that was $1.50 or greater than $14.82, the closing price of the Company's common stock on June 3, 2005. All other terms and conditions of these "out of the money" options remain unchanged. As a result of the acceleration, options to purchase approximately 666,000 shares of the Company's common stock (which represents approximately 21% of the Company's currently outstanding stock options) became exercisable immediately. The accelerated options range in exercise prices from $16.39 to $19.02 and the weighted average exercise price of the accelerated options was $17.55 per share. The total number of options subject to acceleration include options to purchase 575,000 shares held by executive officers and directors of the Company. This action was taken to avoid expense recognition in future financial statements upon adoption of SFAS 123(R). The accelerated vesting of these "out of the money" options does not result in a charge in the Company's statement of operations for the fiscal year ended July 31, 2005 based on U.S. generally accepted accounting principles. The Company reported approximately $10.1 million of pro forma compensation expense for the fiscal year ended July 31, 2005 in the pro forma SFAS footnote disclosure below, of which $6.0 million is applicable to these "out of the money" options.

The following table illustrates the effect on net income (loss) if the Company had applied the fair value recognition provisions of SFAS No. 123:

Fiscal years ended July 31,	2005	2004	2003
Reported net income (loss)	$3,004,000	($6,231,600)	$3,844,000
Pro forma compensation expense	(10,128,600)	(3,239,800)	(3,010,900)
Pro forma net income (loss)	($7,124,600)	($9,471,400)	$833,100
Pro forma net income (loss) per share:			
Basic	($.22)	($.30)	$.03
Diluted	($.22)	($.30)	$.03

NOTE 2 - SUPPLEMENTAL DISCLOSURE FOR STATEMENT OF CASH FLOWS

In the years ended July 31, 2005, 2004 and 2003, the Company paid cash for income taxes of approximately $3,566,000, $219,000 and $583,000 respectively.

In fiscal 2005, a director exercised 31,660 shares of incentive stock options. The director surrendered 17,000 previously owned shares of the Company's common stock to be utilized to exercise the stock options. The Company recorded the market value of surrendered shares as treasury stock of approximately $325,500 as a non cash transaction.

In fiscal 2004, certain officers exercised 769,300 shares of incentive stock options. The officers surrendered 349,900 of previously owned shares of the Company's common stock to be utilized to exercise the stock options. The Company recorded the 349,900 of surrendered shares as treasury stock of approximately $5.7 million as a non cash transaction.

In fiscal 2004, the Company purchased the assets of a privately held company for

$650,000, of which $350,000 was paid in cash during fiscal 2004 and the remaining $300,000 is to be paid in two $150,000 installments on the 18 and 36 month anniversary date of the acquisition.

NOTE 3 - MARKETABLE SECURITIES

Marketable securities are recorded at fair value. The following is a summary of available-for-sale securities:

<TABLE>
<CAPTION>

	Fair Value		Unrealized Holding (Loss)
Fiscal Years Ended July 31,	2005	2004	2005 2004
<S>	<C>	<C>	<C> <C>
Income bond mutual fund	$ 5,638,600	$15,401,300	$ (125,900) $ (271,600)
Marketable debt securities:			
U.S. Government and agency securities	449,100	1,063,100	--- ---
Corporate debt securities	625,900	777,100	(4,700) (129,400)
(Average of remaining maturity of debt	$ 6,713,600	$17,241,500	$ (130,600) $ (401,000)
securities was approximately four months at July 31, 2005 and 2004)			

</TABLE>

During fiscal 2005, the Company realized proceeds of approximately $10.7 million from maturities and sales of marketable securities, on which it realized a loss of approximately $200,000, based on the average cost. There were no realized gains or losses on marketable security transactions during fiscal 2004 or fiscal 2003. The Company's cost basis in these marketable securities as of July 31, 2005 and 2004 was $6,844,200 and $17,642,500, respectively.

The following is a summary of other comprehensive (loss), which relates to the Company's investments in marketable securities:

<TABLE>
<CAPTION>

	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
<S>	<C>	<C>	<C>
Fiscal 2003 unrealized (loss)	$(139,300)	$54,300	$(85,000)
Fiscal 2004 unrealized (loss)	(261,700)	100,800	(160,900)
Fiscal 2005 realized loss	200,000	(78,000)	122,000
Fiscal 2005 unrealized gain	70,400	(27,300)	43,100
	(130,600)	49,800	(80,800)
Valuation reserve	- -	(49,800)	(49,800)
Cumulative balance at July 31, 2005....	($130,600)	$0	($130,600)

</TABLE>

NOTE 4 - INVENTORIES

At July 31, 2005 and 2004 inventories consist of:

	2005	2004
Raw materials	$51,700	$124,900
Work in process	1,767,200	2,188,000
Finished products	1,057,200	1,121,400
	$2,876,100	$3,434,300

NOTE 5 - PROPERTY AND EQUIPMENT

At July 31, 2005 and 2004 property and equipment consist of:

	2005	2004
Laboratory machinery and equipment	$2,098,100	$1,901,900
Leasehold improvements	2,771,100	2,543,400
Office furniture and equipment	5,079,000	5,650,300
	9,948,200	10,095,600
Accumulated depreciation and amortization	(7,278,700)	(7,681,000)
	$2,669,500	$2,414,600

The Company's fixed assets have been assigned useful lives of between three and five years. In fiscal 2005, the Company removed the cost basis and accumulated depreciation and amortization of fixed assets that were fully depreciated and disposed.

NOTE 6 - LEASE OBLIGATIONS

The Company leases office and laboratory space under several leases that expire between December 31, 2005 and March 2017. An entity owned by certain executive officers/directors of the Company owns the building that the Company leases as its main facility for laboratories and research and manufacturing operations, and corporate headquarters. In March 2005, the Company amended and extended the lease for another 12 years. In addition to the minimum annual rentals of space, the lease is subject to annual increases, based on the consumer price index. Annual increases are limited to 3% per year. Rent expense under this renewed lease and the prior lease approximated $1,289,000, $1,370,000 and $1,302,000 in fiscal years 2005, 2004 and 2003, respectively.

Total consolidated rent expense incurred by the Company during fiscal 2005, 2004 and 2003 was approximately $2,140,000, $1,801,000 and $1,742,000 respectively. Minimum annual rentals under operating lease commitments for fiscal years ending July 31, are as follows:

Fiscal Year ended July 31,	Minimum Annual Rents
2006	$2,601,000
2007	2,750,000
2008	2,644,000
2009	2,464,000
2010	2,200,000
Thereafter	10,978,000
	$23,637,000

NOTE 7 - LITIGATION

On October 14, 2004, the Company as plaintiff finalized and executed a settlement and license agreement with Digene Corporation to settle a patent litigation lawsuit (the "Digene agreement"). Under the terms of the agreement, the Company received an initial payment of $16.0 million, would earn in the first "annual period" (October 1, 2004 to September 30, 2005) a minimum royalty payment of $2.5 million, and receive a minimum royalty of $3.5 million in each of the next four annual periods. In addition, the agreement provides for the Company to receive quarterly running royalties on the net sales of Digene products subject to the license until the expiration of the patent on April 24, 2018. These quarterly running royalties will be fully creditable against the minimum royalty payments due in the first five years of the agreement. The balance, if any, of the minimum royalty payment will be recognized in the final quarter of the applicable annual royalty period. As a result of the Digene agreement, the Company recorded a gain on patent litigation settlement of $14.0 million in the first quarter of fiscal 2005, and deferred $2 million which would be earned from net sales of the Company's licensed products covered by the agreement during the first annual period. As of July 31, 2005, the balance of the deferred revenue from the settlement was $359,400.

In October 2002, the Company filed suit in the United States District Court of the Southern District of New York against Amersham plc, Amersham Biosciences, Perkin Elmer, Inc., Perkin Elmer Life Sciences, Inc., Sigma-Aldrich Corporation, Sigma Chemical Company, Inc., Molecular Probes, Inc. and Orchid Biosciences, Inc. In January 2003, the Company amended its complaint to include defendants

Sigma Aldrich Co. and Sigma Aldrich, Inc. The counts set forth in the suit are for breach of contract; patent infringement; unfair competition under state law; unfair competition under federal law; tortious interference with business relations; and fraud in the inducement of contract. The complaint alleges that these counts arise out of the defendants' breach of distributorship agreements with the Company concerning labeled nucleotide products and technology, and the defendants' infringement of patents covering the same. In April, 2003, the Court directed that individual complaints be filed separately against each defendant. The defendants have answered the individual complaints and asserted a variety of affirmative defenses and counterclaims. Fact discovery is ongoing. The Court conducted a claim construction hearing from July 5-11, 2005. Closing arguments on claim construction issues were conducted on September 30, 2005. There can be no assurance that the Company will be successful in this litigation. However, even if the Company is not successful, management does not believe that there will be a significant adverse monetary impact to the Company. The Company recorded revenue from only Perkin Elmer during the fiscal year ended July 31, 2005.

On October 28, 2003, the Company and Enzo Life Sciences, Inc., a subsidiary of the Company, filed suit in the United States District Court of the Eastern District of New York against Affymetrix, Inc. The Complaint alleges that Affymetrix improperly transferred or distributed substantial business assets of the Company to third parties, including portions of the Company's proprietary technology, reagent systems, detection reagents and other intellectual property. The Complaint also charges that Affymetrix failed to account for certain shortfalls in sales of the Company's products, and that Affymetrix improperly induced collaborators and customers to use the Company's products in unauthorized fields or otherwise in violation of the agreement. The Complaint seeks full compensation from Affymetrix to the Company for its substantial damages, in addition to injunctive and declaratory relief to prohibit, among other things, Affymetrix's unauthorized use, development, manufacture, sale, distribution and transfer of the Company's products, technology, and/or intellectual property, as well as to prohibit Affymetrix from inducing collaborators, joint venture partners, customers and other third parties to use the Company's products in violation of the terms of the agreement and the Company's rights. Subsequent to the filing of the Complaint against Affymetrix, Inc. referenced above, on or about November 10, 2003, Affymetrix, Inc. filed its own complaint against the Company and its subsidiary, Enzo Life Sciences, Inc., in the United States District Court for the Southern District of New York, seeking among other things, declaratory relief that Affymetrix, Inc., has not breached the parties' agreement, that it has not infringed certain of Enzo's Patents, and that certain of Enzo's patents are invalid. The Affymetrix complaint also seeks damages for alleged breach of the parties' agreement, unfair competition, and tortuous interference, as well as certain injunction relief to prevent alleged unfair competition and tortuous interference. The Company does not believe that the Affymetrix complaint has any merit and intends to defend vigorously. Affymetrix also moved to transfer venue of Enzo's action to the Southern District of New York, where other actions commenced by Enzo were pending as well as Affymetrix's subsequently filed action. On January 30, 2004, Affymetrix's motion to transfer was granted. Accordingly, the Enzo and Affymetrix actions are now both pending in the Southern District of New York. Initial pleadings have been completed and discovery has commenced. The Court conducted a claim construction hearing from July 5 - 11, 2005. Closing arguments on claim

construction issues were conducted on September 30, 2005. The Company did not record any revenue from Affymetrix during the fiscal years ended July 31, 2005 and 2004.

On June 2, 2004 Roche Diagnostic GmbH and Roche Molecular Systems, Inc. (collectively "Roche") filed suit in the U.S. District Court of the Southern District of New York against Enzo Biochem, Inc. and Enzo Life Sciences, Inc. (collectively "Enzo"). The complaint was filed after Enzo rejected Roche's latest cash offer to settle Enzo's claims for, INTER ALIA, alleged breach of contract and misappropriation of Enzo's assets. The complaint seeks declaratory judgment (i) of patent invalidity with respect to Enzo's 4,994,373 patent (the "'373 patent"), (ii) of no breach by Roche of its 1994 Distribution and Supply Agreement with Enzo (the "1994 Agreement"), (iii) that non-payment by Roche to Enzo for certain sales of Roche products does not constitute a breach of the 1994 Agreement, and (iv) that Enzo's claims of ownership to proprietary inventions, technology and products developed by Roche are without basis. In addition, the suit claims tortious interference and unfair competition. The Company does not believe that the complaint has merit and intends to vigorously respond to such action with appropriate affirmative defenses and counterclaims. Enzo filed an Answer and Counterclaims on November 3, 2004 alleging multiple breaches of the 1994 Agreement and related infringement of Enzo's 373 patent. Discovery has commenced. The Court conducted a claim construction hearing from July 5-11, 2005. Closing arguments on claim construction issues were conducted

on September 30, 2005. The Company did not record any revenue from Roche during the fiscal year ended July 31, 2005.

In June 1999, the Company filed suit in the United States District Court for the Southern District of New York against Gen-Probe Incorporated, Chugai Pharma U.S.A., Inc., Chugai Pharmaceutical Co., Ltd., bioMerieux, Inc., bioMerieux SA, and Becton Dickinson and Company, charging them with infringing the Company's U.S. Patent 4,900,659, which concerns probes for the detection of the bacteria that causes gonorrhea. On January 26, 2001, the court granted the defendants' motion for summary judgment that the Company's patent is invalid. On July 15, 2002, the Court of Appeals for the Federal Circuit reversed the judgment of invalidity and remanded the case to the district court for further proceedings. In March 2003, settlements were reached with bioMerieux and Chugai; the settlements did not have a material monetary impact on the Company. In July 2004, the district court again granted another motion by the remaining defendants (Gen-Probe and Becton Dickinson) that all claims of the Company's patent are invalid. The Company filed an appeal of that judgment. On September 30, 2005, the Court of Appeals affirmed the judgment of invalidity. Management does not believe that there will be a significant adverse monetary impact to the Company.

On March 6, 2002, the Company was named, along with certain of its officers and directors among others, in a complaint entitled Lawrence F. Glaser and Maureen Glaser, individually and on behalf of Kimberly, Erin, Hannah, and Benjamin Glaser v. Hyman Gross, Barry Weiner, Enzo Biochemical Inc., Elazar Rabbani, Shahram Rabbani, John Delucca, Dena Engelhardt, Richard Keating, Doug Yates, and Does I-50, Case No. CA-02-1242-A, in the U.S. District Court for the Eastern District of Virginia. This complaint was filed by an investor in the Company who had filed for bankruptcy protection and his family. The complaint alleged securities fraud, breach of fiduciary duty, conspiracy, and common law fraud and sought in excess of $150 million in damages. On August 22, 2002, the complaint was voluntarily dismissed; however a new substantially similar complaint was filed at the same time. On October 21, 2002, the Company and the other defendants filed a motion to dismiss the complaint, and the plaintiffs responded by amending the complaint and dropping their claims against defendants Keating and Yates. On November 18, 2002, the Company and the other defendants again moved to dismiss the Amended Complaint. On July 16, 2003, the Court issued a Memorandum Opinion dismissing the Amended Complaint in its entirety with prejudice. Plaintiffs thereafter moved for reconsideration but the Court denied the motion on September 8, 2003. Plaintiffs thereafter appealed the decision to the United States Court of Appeals for the Fourth Circuit. On March 21, 2005, the Fourth Circuit affirmed the lower Court's prior dismissal of all claims asserted in the action, with the sole exception of a portion of the claim for common law fraud and remanded that remaining portion of the action to the U.S. District Court for the Eastern District of Virginia. On May 20, 2005, defendants again moved the District Court to dismiss the sole remaining claim before it. On July 14, 2005, the District Court granted defendants' renewed motion to dismiss. On July 29, 2005, Plaintiffs moved to amend their Complaint for reconsideration. On August 19, 2005, the Court denied Plaintiffs' motion to amend and entered final judgment dismissing the complaint. Thereafter, Plaintiffs appealed the order and judgment to the Fourth Circuit. That appeal is presently pending. The Company continues to believe that the complaint has no merit whatsoever and intends to continue to defend the action vigorously.

On June 7, 2004, the Company and its wholly-owned subsidiary, Enzo Life Sciences, Inc., filed suit in the United States District Court for the District of Connecticut against Applera Corporation and its wholly-owned subsidiary Tropix, Inc.

The complaint alleges infringement of six patents (relating to DNA sequencing systems, labelled nucleotide products, and other technology). Yale University is the owner of four of the patents and the Company is the exclusive licensee. Accordingly, Yale is also a plaintiff in the lawsuit. Yale and Enzo are aligned in protecting the validity and enforceability of the patents. Enzo Life Sciences is the owner of the remaining two patents. The complaint seeks permanent injunction and damages (including treble damages for wilful infringement). Defendants answered the complaint on July 29, 2004. The answer pleads affirmative defences of invalidity, estoppel and laches and asserts counterclaims of non-infringement and invalidity. Fact discovery is currently scheduled to close on February 28, 2006. Dispositive motions are currently due on March 27, 2006. The trial date is currently scheduled for October 1, 2006. There can be no assurance that the Company will be successful in this litigation. Even if the Company is not successful, management does not believe that there will be a significant adverse monetary impact on the Company. The Company did not record any revenue from either of the above during the fiscal years July 31, 2005 and 2004.

NOTE 8 - INCOME TAXES

The Company accounts for income taxes under the provisions of SFAS No. 109 "Accounting for Income Taxes". The (provision) benefit for income taxes is as follows:

Fiscal year ended July 31,	2005	2004	2003
Current (provision) benefit:			
Federal	$(1,386,700)	$ 3,288,000	$(1,828,000)
State and local	64,300	(191,500)	(181,400)
Deferred (provision) benefit	(890,900)	1,751,600	128,100
(Provision) benefit for income taxes	$(2,213,300)	$ 4,848,100	$(1,881,300)

Deferred tax assets and liabilities arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. The components of deferred tax assets (liabilities) as of July 31, 2005 and 2004 are as follows:

<TABLE>
<CAPTION>

	July 31, 2005	July 31, 2004
<S>	<C>	<C>
Current deferred tax assets (liabilities):		
Provision for uncollectible accounts receivable	$889,000	$1,072,500
State and local tax carry forward losses	244,700	720,900
Other, net	(234,000)	181,400
Realized and unrealized losses on marketable securities	129,100	--
Less: Valuation reserve for realized and unrealized losses	(129,100)	--
Net current deferred tax assets	899,700	1,974,800
Non current deferred tax (liability):		
Deferred patent costs	(293,000)	(906,200)
Non current deferred tax asset:		
Depreciation	33,000	462,000
Deferred tax liability non current, net	(260,000)	(444,200)
Deferred tax assets - net	$639,700	$1,530,600

</TABLE>

In assessing if deferred tax assets are realizable, management considers whether it is more likely than not that some portion or the entire deferred tax asset will be realized. The ultimate realization of the deferred tax asset is dependent upon the generation of future taxable income against which the the deferred tax asset can be applied. Management considers scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategies that can be implemented by the Company in making this assessment. During fiscal 2005, the Company determined that it is not likely that it will generate taxable income against which the deferred tax asset for the realized and unrealized losses on marketable securities can be applied. Therefore, it has established a valuation reserve against this deferred tax asset. As of July 31, 2005 and 2004, there were no carry forward losses for federal taxes. As of July 31, 2005 and 2004, the Company has state and local tax carry forward losses of approximately $4.2 million and $11.2 million, respectively.

The (provision) benefit for income taxes were at rates different from U.S. federal statutory rates for the following reasons:

<TABLE>
<CAPTION>

Fiscal year ended July 31,	2005	2004	2003
<S>	<C>	<C>	<C>
Federal statutory rate	(34%)	34%	(34%)
Expenses not deductible for income tax return purposes	(2%)	(3%)	(2%)
State income taxes, net of (benefit) of federal tax deduction.	(6%)	4%	(3%)
Benefit of foreign sales	1%	2%	4%
Fixed asset basis difference	-	8%	-
Other	(1%)	(1%)	2%
	(42%)	44%	(33%)

</TABLE>

NOTE 9 - STOCKHOLDERS' EQUITY

TREASURY STOCK

In fiscal 2005, a director exercised 31,660 shares of incentive stock options. The director surrendered 17,000 previously owned shares of the Company's common stock to be utilized to exercise the stock options. The Company recorded the market value of surrendered shares as treasury stock of approximately $325,500, and is a non cash transaction.

In fiscal 2004, certain officers exercised 769,300 shares of incentive stock options. The officers surrendered 349,900 of previously owned shares of the Company's common stock to be utilized to exercise the stock options. The Company recorded the market value of surrendered shares as treasury stock of approximately $5.7 million, and is a non cash transaction.

INCENTIVE STOCK OPTION PLANS

The Company has incentive stock option plans ("1994 plan" and "1999 plan") under which the Company may grant options for up to 1,336,745 shares (1994 plan) and up to 2,312,356 shares (1999 plan) of common stock. No additional options may be granted under the 1994 plan. In fiscal 2005, the Company set up a new incentive stock options plan ("2005 plan") under which the Company may grant up to 1,000,000 shares of common stock. The exercise price of options granted under such plans is equal to or greater than fair market value of the common stock on the date of grant. The options granted pursuant to the plans may be either incentive stock options or non statutory options. Incentive stock options generally become exercisable at 25% per year after one year and expire ten years after the date of grant. To date, the Company has only granted incentive stock options under these plans.

A summary of the information pursuant to the Company's stock option plan for the years ended July 31, 2005, 2004 and 2003 under SFAS No. 123 is as follows:

<TABLE>
<CAPTION>

	2005		2004		2003
	Options	Weighted - Average Exercise Price	Options	Weighted - Average Exercise Price	Options	Weighted - Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	2,856,801	$11.86	3,397,087	$9.88	2,841,401	$9.38
Granted	431,975	$16.57	428,925	$17.02	661,225	$11.76
Exercised	(100,332)	$7.39	(917,539)	$7.16	(79,838)	$6.85
Cancelled	(34,319)	$11.64	(51,672)	$10.13	(25,701)	

$12.51					
	---	-	---		---
Outstanding at end of year	3,154,125	$12.61	2,856,801	$11.86	3,397,087
$9.88					
	=========		=========		=========
Exercisable at end of year	2,126,442	$11.28	1,770,492	$10.54	2,490,003
$8.98					
	=========		=========		=========
Weighted average fair value of options granted during year		$11.76		$12.40	
$8.49					
		======		======	
=====					

</TABLO>

The following table summarizes information for stock options outstanding at July 31, 2005:

<TABLE>
<CAPTION>

	Options outstanding			Options exercisable	
		Weighted-Average	Weighted-		Weighted-
Range of Exercise Prices	Shares	Remaining Contractual Life	Average Exercise Price	Shares	Average Exercise Price
---	---	---	---	---	---
<S>	<C>	<C>	<C>	<C>	<C>
$5.45-8.08	291,451	3.2 years	$5.64	291,451	$5.64
$8.33-12.25	1,830,092	4.7 years	$11.06	1,540,066	$10.91
$12.93-19.02	952,706	8.3 years	$16.72	215,050	$16.60
$20.20-24.42	61,644	6.0 years	$21.42	61,644	$21.42
$36.05	18,233	4.4 years	$36.05	18,233	$36.05
	---			---	
	3,154,125			2,126,444	
	=========			=========	

</TABLO>

As of July 31, 2005, there were approximately 806,800 shares available for grant under the arrangements described above.

NOTE 10 - COMMITMENTS

The Company had an exclusive licensing agreement to an invention covered by licensed patents. Under this agreement, the Company was required to make certain minimum royalty payments of $200,000 per year through the life of the patents. The patent expired in December, 2004.

NOTE 11 - EMPLOYEE BENEFIT PLAN

The Company has a qualified Salary Reduction Profit Sharing Plan (the "Plan") for eligible employees under Section 401(k) of the Internal Revenue Code. The Plan provides for voluntary employee contributions through salary reduction and voluntary employer contributions at the discretion of the Company. For the years ended July 31, 2005, 2004 and 2003, the Company authorized employer matched contributions of 50% of the employees' contribution up to 10% of the employees' compensation, payable in Enzo Biochem, Inc. common stock. The 401(k) employer matched contributions expense was $351,600, $282,200, and $257,200 in fiscal years 2005, 2004 and 2003, respectively.

NOTE 12 - SUMMARY OF SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table contains statement of operations information for each

quarter of the fiscal years ended July 31, 2005 and 2004. The Company believes that the following information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

Unaudited quarterly financial data (in thousands, except per share amounts) for fiscal 2005 and 2004 is summarized as follows:

<TABLE>
<CAPTION>
FISCAL 2005

	Quarter Ended			
	October 31, 2004	January 31, 2005	April 30, 2005	July 31, 2005
<S>	<C>	<C>	<C>	<C>
Total revenues	$10,301	$11,235	$11,000	$10,867
Gross profit	6,812	7,821	7,035	6,991
Income (loss) before income taxes	12,173	(944)	(2,553)	(3,459)
Net income (loss)	7,021	(528)	(1,497)	(1,992)
Basic income (loss) per common share	$0.22	($0.02)	($0.05)	($0.06)
Diluted income (loss) per common share	$0.22	($0.02)	($0.05)	($0.06)

<CAPTION>
FISCAL 2004

	Quarter Ended			
	October 31, 2003	January 31, 2004	April 30, 2004	July 31, 2004
<S>	<C>	<C>	<C>	<C>
Total revenues	$10,273	$11,028	$11,765	$8,578
Gross profit	7,567	8,099	8,705	4,167
Loss before income taxes	(816)	(2,755)	(891)	(6,618)
Net loss	(323)	(1,455)	(460)	(3,994)
Basic loss per common share	($0.01)	($0.05)	($0.02)	($0.12)
Diluted loss per common share	($0.01)	($0.05)	($0.02)	($0.12)

</TABLE>

Note 13--Segment Reporting

The Company applies SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information for those segments to be presented in interim financial reports issued to stockholders. SFAS No. 131 also establishes standards for related disclosures about products and services and geographic areas. The chief operating decision maker, or decision-making group, in making decision how to allocate resources and assess performance, identifies operating segments as components of an enterprise about which separate discrete financial information is available for evaluation.

The Company has two reportable segments: research and development and clinical laboratories. The Company's research and development segment conducts research and development activities and sells products derived from these activities. The clinical laboratories segment provides diagnostic services to the health care community. The Company evaluates segment performance based on segment income (loss) before taxes. Costs excluded from segment income (loss) before taxes and reported as other consist of corporate general and administrative costs which are not allocable to the two reportable segments. Management of the Company assesses assets on a consolidated basis only and therefore, assets by reportable

segment have not been included in the reportable segments below. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies

The following financial information (in thousands) represents the reportable segments of the Company:

<TABLE>
<CAPTION>

	Research and Development			Clinical Reference Laboratories		
	Fiscal Year Ended July 31,			Fiscal Year Ended July 31,		
	2005	2004	2003	2005	2004	2003
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Operating revenues:						
Research product and royalty income	$ 10,546	$ 12,972	$ 23,253	--	--	--
expenses and (other income):						
Clinical laboratory services	--	--	--	$ 32,857	$ 28,672	$ 29,514
Expenses and (other income):						
Cost of research product revenues	2,196	2,518	3,389	--	--	--
Cost of clinical laboratory services	--	--	--	12,548	10,586	9,593
Research and development expense	8,452	8,078	8,311	--	--	--
Depreciation and amortization amamoramortization	1,396	1,414	881	887	902	893
Provision for uncollectible accounts	--	1,753	616	4,967	10,234	8,729
Other expenses eexpenses	1,009	508	609	11,618	8,429	7,294
Interest income	--	--	--	--	--	--
Gain on patent litigation settlement	(14,000)	--	--	--	--	--
Income (loss) before income taxes	$ 11,493	$ (1,299)	$ 9,447	$ 2,837	$ (1,479)	$ 3,005

</TABLE>

<TABLE>
<CAPTION>

	Other			Consolidated		
	Fiscal Year Ended July 31,			Fiscal Year Ended July 31,		
	2005	2004	2003	2005	2004	2003
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Operating revenues:						
Research product and royalty income	--	--	--	$ 10,546	$ 12,972	$ 23,253
expenses and (other income):						
Clinical laboratory services	--	--	--	32,857	28,672	29,514
Expenses and (other income):						
Cost of research product revenues	--	--	--	2,196	2,518	3,389
Cost of clinical laboratory services	--	--	--	12,548	10,586	9,593
Research and development expense	--	--	--	8,452	8,078	8,311
Depreciation and amortization amamoramortization	50	$ 45	$ 34	2,333	2,361	1,808
Provision for uncollectible accounts	--	--	--	4,967	11,987	9,345
Other expenses eexpenses	10,586	9,409	8,048	23,213	18,346	15,951
Interest income	(1,523	(1,152)	(1,355)	(1,523)	(1,152)	(1,355)
Gain on patent litigation settlement	--	--	--	(14,000)	--	--
Income (loss) before income taxes	$ (9,112)	$ (8,302)	($ 6,727)	$ 5,217	$(11,080)	$ 5,725

</TABLE>

The Company's reportable segments are determined based on the services they performed and the products they sell, not on the geographic area in which they operate. The Company's clinical laboratories segment operates 100% in the United States with all revenue derived from this country. The research and development segment earns revenue both in the United States and foreign countries. The following is a summary of research and development revenues attributable to customers located in the United States and foreign countries:

	2005	2004	2003
United States	$ 7,985	$ 8,029	$19,492
Foreign countries	2,561	4,943	3,761
	$10,546	$12,972	$23,253

ENZO BIOCHEM, INC
SCHEDULE II - VALUATION
AND QUALIFYING ACCOUNTS
Years ended July 31, 2005, 2004 and 2003

<TABLE>
<CAPTION>

Description	Balance at Beginning of period	Additions: Charged (credited) to costs and expenses	Additions: Charged to other accounts	Deductions: (Additions)	Balance at end of period
<S>	<C>	<C>	<C>	<C>	<C>
2005					
Allowance for doubtful accounts receivable	$ 2,770,300	$ 4,967,100	--	$ 5,445,700 (1)	$ 2,291,700
2004					
Allowance for doubtful accounts receivable	$ 2,257,400	$11,986,500	--	$ 11,473,600 (1)	$ 2,770,300
2003					
Allowance for doubtful accounts receivable	$ 2,862,600	$ 9,345,000	--	$ 9,950,200 (1)	$ 2,257,400

</TABLE>

(1) Write-off of uncollectible accounts receivable.

PARI MANAGEMENT CORPORATION,

Landlord

ENZO CLINICAL LABS, INC.,

Tenant

AMENDED AND RESTATED

LEASE

DATED: as of March 14, 2005

PREMISES: 60 Executive Boulevard, Farmingdale, New York

TABLE OF CONTENTS

AMENDED AND RESTATED LEASE

THIS AMENDED AND RESTATED LEASE (hereinafter the "Lease") entered into as of the 1st day of April, 2005, by and between PARI MANAGEMENT CORPORATION, a New York corporation with an address at 17 Catalina Drive, Kings Point, New York 11024 (hereinafter called the "Landlord") and ENZO CLINICAL LABS, INC., a New York corporation, having an office located at 60 Executive Boulevard, Farmingdale, New York (hereinafter called the "Tenant").

Upon the terms and subject to the conditions hereinafter set forth, the Landlord leases to the Tenant and the Tenant leases from the Landlord, the property hereinafter described:

1. THE LEASED PREMISES.

(a) Subject to the provisions of Section 34, the property hereby leased to the Tenant is the tract or tracts of land (the "Land") situated in the Town of Babylon, County of Suffolk and State of New York more particularly described in Exhibit "A" annexed hereto and by this reference made a part hereof, together with the buildings and other improvements now or hereafter located thereon (collectively the "Improvements").

(b) The Land and Improvements leased hereunder, together with all appurtenances thereto, hereinafter sometimes collectively referred to as the "Leased Premises", are demised and let subject to (a) the rights of any parties in possession thereof and the existing state of the title thereof as of the commencement of the term of this Lease, (b) any state of facts which an accurate survey or physical inspection thereof might show, (c) all zoning regulations now in effect or hereafter adopted by any governmental authority having jurisdiction, and (d) with respect to the Improvements, their condition as of the commencement of the term of this Lease, without representation or warranty by Landlord with respect thereto. Tenant represents to Landlord that Tenant has examined and inspected the physical condition of the Leased Premises prior to the execution and delivery of this Lease, is familiar with the physical condition thereof and has found the same to be satisfactory for all purposes hereof, and Tenant accepts the title and condition of the Leased Premises in their respective, present condition "as is."

(c) Landlord makes no representation or warranty with respect to the conditions of the Leased Premises or its fitness or availability for any particular use, and Landlord shall not be liable for any latent or patent defect therein. The Landlord has not made and does not make any representation as to the physical condition, expenses, operation or any other matter or thing

effecting or related to the Leased Premises, except as herein specifically set forth, and the Tenant hereby expressly acknowledges that no representations have been made. It is understood and agreed that all understandings and agreements heretofore had between the parties hereto are merged into this Lease, which alone fully and completely expresses their agreement, and that the same is entered into after full investigation.

(d) The Landlord shall not be liable or bound by any verbal or written statements, representations, real estate brokers' "set-ups" or information pertaining to the Premises furnished by any real estate broker, agent, employee, servant or any other person unless the same are specifically set forth herein. The Tenant further acknowledges that, except as

specifically set forth herein, neither the Landlord nor any agent or representative of the Landlord, have made, and Landlord is not liable for or bound. in any matter by, any express or implied warranties, guarantees, promises, statements, inducements, representations or information pertaining to the Leased Premises, including but not limited to fixtures, equipment and personal property located therein, the physical condition, income, expenses or operation thereof, the validity of the certificate of occupancy or any other matter or thing with respect thereto.

2. TERM.

The term of this Lease is twelve (12) years, commencing on April 1, 2005 and terminating March 31, 2017, (the "Lease Termination Date") or on such earlier date upon which said term may expire or be terminated pursuant to any of the conditions of limitation or other provisions of this Lease or pursuant to the provisions of any present or future law, statute, ordinance, rule, regulation, other governmental order or controlling judicial determination of any federal, state, local, municipal or other governmental body, agency or authority having or asserting jurisdiction and all departments, commissions, boards and officers thereof (collectively the "Laws").

3. FIXED ANNUAL MINIMUM RENTAL.

Tenant covenants to pay Landlord, without previous demand therefore and without any setoff or deduction whatsoever a net fixed annual minimum rent (the "Minimum Rental") payable in equal monthly installments, in advance on or before the first (1st) day of each and every calendar month during the term of this Lease in the amounts and with such adjustments set forth on Schedule "1" annexed hereto and by this reference made a part hereof. Landlord may, at its option, direct Tenant to pay all or any portion of the Minimum Rental directly to any agent or representative of Landlord or to the holder of any mortgage on the Leased Premises and to pay the balance of the Minimum Rental, if any, to Landlord.

4. UTILITIES.

Tenant shall obtain, at its own expense, all utilities of every type and nature required by it in its use of the Leased Premises and shall pay or cause to be paid, when due, all bills for water, sewerage, heat, gas, electricity and other utilities, if any, used on, in connection with, or chargeable against the Leased Premises until the termination of this Lease and all bills for utility charges relating to the Leased Premises or the use thereof and imposed on users of utilities, whether or not such charges shall relate to services or benefits available to the Tenant during the term of this Lease, and the Tenant shall indemnify and save harmless the Landlord from and against any loss, cost and expense in connection therewith.

5. ADDITIONAL RENT.

(a) Except as provided in Section 34, it is the purpose and intent of the Landlord and Tenant that the rent payable hereunder shall be absolutely net to the Landlord so that this Lease shall yield, net to the Landlord, the rents specified herein in each year during the term of this Lease.

(b) Tenant covenants to pay, before any fine, penalty, interest or cost may be added thereto for the nonpayment thereof, as additional rent, all taxes, assessments (including but not limited to, all assessments for public improvements or benefits, whether or not commenced or completed within the term of this Lease), water, sewer and other rents, rates and charges for public utilities, excises, levies, license and permit and inspection fees and other governmental charges, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which at any time prior to or during the term of this Lease may have been or may be assessed, levied, confirmed, imposed upon, or grow or become due or payable out of or in respect of, or become a lien on, the Leased Premises or any part thereof or any appurtenance thereto, any personal property, the rent and income received by Tenant from subtenants, if any, any use, possession or occupation of the Leased Premises, or rentals or sales therefrom or activity conducted therein, such franchises as may be appurtenant to the use or occupation of the Leased Premises, this transaction or any document to. which Tenant is a party creating

or transferring any right, title or interest or estate in the Leased Premises (all of the foregoing, together with any and all penalties and/or interest thereon, being hereinafter sometimes collectively referred to as "Impositions", and any of the same being hereinafter sometimes referred to as an "Imposition"). Nothing herein contained shall require Tenant to pay income taxes assessed against Landlord, or any capital levy, corporation franchise, excess profits, estate, succession, inheritance or transfer taxes of Landlord, unless such taxes are imposed or levied upon or assessed as a total or partial substitute for, or in lieu of, any other Imposition required to be paid by Tenant pursuant to this Section 5(b), in which event same shall be deemed Impositions and shall be paid by Tenant; provided, however, that if at any time during the term of this Lease, the method of taxation shall be such that there shall be levied, assessed or imposed on Landlord a capital levy, gross receipts or other tax directly on the rents received therefrom and/or a franchise tax or an assessment, levy or charge measured by or based, in whole or in part, upon such rents, the Leased Premises (including but not limited to the acquisition, leasing, use, or value thereof) or the present or any future Improvements on the Leased Premises or the construction thereof and/or measured in whole or in part by Landlord's income from the Leased Premises if in computing such income there is not allowed as a deduction any significant portion of the depreciation or interest deductions allowed for federal income tax purposes, then all such taxes, assessments, levies and charges, or the part thereof so measured or based, shall be deemed to be included within the term "Imposition" for the purposes hereof, but only to the extent that such taxes would be payable if the Leased Premises were the only property of the Landlord, and Tenant shall pay and discharge the same as. herein provided in respect of the payment of Impositions. Tenant shall furnish to Landlord, promptly after payment of any Impositions, official receipts or other satisfactory proof evidencing payment of such Imposition. In addition, Tenant shall furnish to Landlord, semi-annually on January 1, and July 1 of each year and within ten (10) days after a request from Landlord, throughout the term of this Lease, a certificate executed by an executive officer of Tenant, stating that all Impositions have been paid to date. Upon Tenant's failure to pay such Impositions or failure to provide proof of such payment or failure to deliver any such certificate, as above provided, or if Landlord gives notice to Tenant Landlord shall have the right, at Landlord's option, to require Tenant to: (i) promptly deposit with Landlord funds for the payment of current Impositions required to be paid by Tenant hereunder; and (ii) also deposit one-twelfth (1/12th) of the current annual Impositions or the Landlord's estimate of the current annual Impositions if the current amounts thereof have not been fixed, on the first day of each month in advance, except that all additional funds required

for any payments thereof shall also be deposited as aforesaid on the first day of the final month during which or at the end of which a payment is due and payable without interest or penalty.

6. USE.

(a) Tenant shall be permitted to use the Leased Premises for any and all lawful purposes, subject, however, to zoning ordinances, Laws, the orders, rules and regulations of the Board of Fire Insurance Underwriters and any similar bodies having or asserting jurisdiction thereof now in effect or hereafter adopted by any governmental authority having or asserting jurisdiction, and such conditions, restrictions and other encumbrances, if any, to which the Leased Premises are subject at the time of execution and delivery hereof.

(b) Tenant shall not use or occupy or permit the Leased Premises to be used or occupied, nor do or permit anything to be done in or on the Leased Premises or any part thereof, in a manner that would in any way violate any certificate of occupancy affecting the Leased Premises or make void or voidable any insurance then in force with respect thereto or increase the cost any such insurance, or that may make it impossible to obtain fire or other insurance thereon required to be furnished hereunder by Tenant, or that will cause or be likely to cause structural injury to any of the Improvements, or that will constitute a public or private nuisance or waste. Nothing contained in this Lease and no action or inaction by Landlord shall be deemed or construed to mean that Landlord has granted to Tenant any right, power or permission to do any act or to make any agreement that may create, give rise to, or be the foundation for, any right, title, interest, lien, charge or other encumbrance upon the estate of Landlord in the Leased Premises.

7. COMPLIANCE WITH LAWS AND AGREEMENTS.

(a) Tenant shall, throughout the term of this Lease, and at Tenant's sole cost and expense, promptly comply, or cause compliance with all Laws, whether present or future, foreseen or unforeseen, ordinary or extraordinary, and whether or not the same shall be presently within the contemplation of Landlord and Tenant or shall involve any change of governmental policy, or, subject to the provisions of Section 8(b) hereof, require structural or extraordinary repairs, alterations, or additions, and irrespective of the cost thereof, which may be applicable to the Leased Premises.

(b) Except as expressly provided in Section l2 of this Lease,

no abatement, diminution or reduction in Minimum Rental, additional rent or any other charges required to be paid by Tenant pursuant hereto shall be claimed by or allowed to Tenant for any inconvenience or interruption, cessation, or loss of business caused directly or indirectly, by any present or future Laws, or by priorities, rationing or curtailment of labor or materials, or by war, civil commotion, strikes or riots, or any manner or thing resulting therefrom, or by any other cause or causes beyond the control of Landlord or Tenant, nor shall this Lease be affected by any such causes; and, except as expressly provided in subsection 12(e) of this Lease, no diminution in the amount of the space used by Tenant caused by legally required changes in the construction, equipment, fixtures, motors, machinery, operation or use of the Leased Premises shall entitle Tenant to any abatement, diminution or reduction of the rent or any other charges required to be paid by Tenant pursuant to the terms of this Lease.

(c) Landlord represents that to the best of its knowledge the Leased Premises complies with all Laws existing as of April 1, 2005; provided, that any breach of this representation by Landlord shall not give Tenant right to terminate this Lease if such breach does not materially and adversely effect Tenant's use and occupancy of the Leased Premises and Tenant's only rights shall be to recover any `damages or expenses incurred by Tenant on account of any such breach.

8. MAINTENANCE AND REPAIR.

(a) Tenant shall promptly throughout the term of this Lease at Tenant's sole cost and expense, take good care of and maintain the Leased Premises including all grounds, shrubs, lighting fixtures, fences, lawns, sprinklers and smoke fire and panic alarms and all roadways, sidewalks, curbs and parking lots (to the, extent the same are subject to Tenant's control) on, adjacent and appurtenant thereto, in good order and repair, and shall promptly remove all accumulated snow, ice and debris from any and all roadways, sidewalks, curbs and parking lots located upon or appurtenant to the Leased Premises.

(b) Tenant shall not commit or suffer to be committed any waste upon or about the Leased Premises, and shall promptly at its cost and expense, make all necessary replacements, restorations, renewals and repairs to the Leased Premises and appurtenances thereto, whether interior or exterior, structural or non-structural, ordinary or extraordinary foreseen or unforeseen, ordinary wear and tear excepted. Notwithstanding the foregoing, unless caused by the negligence or willful acts of Tenant, its agents, servants, contractors or employees: in the event in any six (6) consecutive calendar month period during the term hereof, the cost of any necessary repairs, replacements, restorations or renewals pursuant to this Article 8 or pursuant to Section 7(a) hereof, shall (x) exceed an amount equal to the ten applicable monthly Minimum Rental hereunder multiplied by six (6) (the "Threshold Cost"), as such cost shall be certified to Landlord by Tenant's architect or general contractor, and (y) not be necessitated as a result of Tenant's use or manner of use of the Leased Premises or the negligence of Tenant or any agent, servant, employee or contractor of Tenant, Tenant shall have the right, in lieu of making such repairs, replacements, restorations or renewals, to elect to cancel and terminate this Lease on ninety (90) days written notice (the "Cancellation Notice") to Landlord and, upon the expiration of such ninety (90) day period this Lease shall be deemed cancelled and terminated, unless within thirty (30) days of its receipt of the Cancellation Notice Landlord shall notify Tenant (the "Landlord's Notice") that Landlord agrees: (x) to cause all such repairs, replacements, restorations or renewals to be made; and (y) to pay any such costs therefor in excess of the Threshold Costs. Upon Tenant's receipt of the Landlord's Notice, the Cancellation Notice shall be deemed withdrawn by Tenant and of no further force and effect and upon Landlord's completion of such repairs, replacements, restorations or renewals, Tenant shall pay to Landlord the cost therefor, not to exceed the Threshold Cost. Repairs, restorations, renewals and replacements shall be at least equivalent in quality to the original work or the property replaced, as the case may be. Tenant shall not make any claim or demand upon or bring any action against the Landlord for any loss, cost, injury, damage or other expense caused by any failure or defect, structural or non-structural, of the Leased Premises or any part thereof.

(c) Landlord shall not under any circumstances be required to build any improvements on the Leased Premises, or to make any repairs, replacements, alterations or

renewals of any nature or description to the Leased Premises or to any of the Improvements, whether interior or exterior, ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever in connection with this Lease or to inspect or maintain the Leased Premises in any way. Tenant hereby waives the right to make repairs, replacements, renewals or restorations at the expense of Landlord pursuant to any Laws.

9. CHANGES, ALTERATIONS AND NEW CONSTRUCTION BY THE TENANT.

(a) Tenant, at its sole cost and expense, shall have the right

at any time and from time to time during the term of this Lease to make changes and alterations to the building or buildings on the Leased Premises or replace any building or buildings damaged or destroyed (all of the foregoing are hereinafter collectively called "Tenant Changes" and any of the foregoing is called a "Tenant Change"), subject, however, in all cases, to the following:

(i) Landlord's and any Mortgagee's prior written consent shall be required in each instance of any Tenant Change involving the structure or exterior of any building located on the Lease Premises.

(ii) In addition to the consent required under Section 9(a)(i) above, any Tenant Change, whether or not structural or exterior, involving an estimated coat of more than $50,000.00 shall require the prior written consent of the Landlord and, any Mortgagee, if required under the provision of any Mortgage.

(iii) No Tenant Changes shall be undertaken until the Tenant shall have procured and paid for all required permits and authorizations of all municipal departments and governmental subdivisions having jurisdiction; and, at Tenant's expense, the Landlord shall join in any application for such permits and authorizations whenever such action is necessary, at no expense or other liability to Landlord.

(iv) Any Tenant Changes which are structural or which involve an estimated cost of more than $50,000.00 shall be conducted under the supervision of a licensed architect or engineer selected by Tenant and reasonably acceptable to Landlord and shall be made in accordance with detailed plans and specifications (the "Plans and Specifications") and cost estimates prepared by such architect or engineer and approved in writing by Landlord, which approval Landlord agrees not unreasonably to withhold and if required, approved by any Mortgagee.

(v) Any Tenant Changes shall be made promptly and in a good workmanlike manner and in compliance with all applicable permits and authorizations and building and zoning laws and all Laws and in accordance with the orders, rules and regulations of the Board of Fire Insurance Underwriters and any other body now or hereafter exercising similar functions having or asserting jurisdiction over the Leased Premises.

(vi) The Leased Premises shall at all times be free of liens for labor or materials supplied or claimed to have been supplied to the Leased Premises; subject to Tenant's rights to remove liens as provided herein.

(vii) Any such Tenant Change shall immediately upon incorporation into the Leased Premises be and become the property of the Landlord, subject to the leasehold rights of the Tenant hereunder.

(viii) Tenant shall carry all necessary Worker's Compensation Insurance and builder's all risk insurance designating Landlord and if required any Mortgagee as additional insured, as their interest may appear as set forth in Section II and shall furnish Landlord with evidence of any and all such coverage prior to the commencement of any Tenant Changes.

(ix) If any Tenant Change involving an estimated cost in excess of $50,000.00 is undertaken by Tenant pursuant to the provisions of Section 11 or 12 of this Lease, then each request to Landlord for payment shall be made on seven (7) days prior written notice to Landlord and Mortgagee and shall be accompanied by a certificate to be made by the supervising architect or engineer, stating (a) that all of the work completed has been done in compliance with the approved Plans and Specifications, (b) that the sum requested is justly required to reimburse the Tenant for payments by the Tenant, to, or is justly due to, the contractor, subcontractors, materialmen, laborers, engineers, architects or other persons rendering services or materials for the work (giving a brief description of such services and materials), and that, when added to all sums previously paid out by the Landlord, it does not exceed ninety (90%) percent of the value of the work done to the date of such certificate, with final payment of the balance of the cost of the work to be made upon certification by the supervising architect or engineer and by the Mortgagee's architect, if required, as to completion in accordance with the approved Plans and Specifications, and (C) that the amount of such proceeds remaining in the hands of the Landlord will be sufficient on completion of the work to pay for the same in full (giving in such reasonable detail as Landlord may require an estimate of the cost of such completion);

(x) If any Tenant Change involving an estimated cost is excess of $50,000.00 is undertaken by Tenant pursuant to the provisions of Section 11 or 12 of this Lease, then (i) each request for reimbursement shall be accompanied by waivers of lien satisfactory to Landlord and the Mortgagee covering that part of the work for which payment or reimbursement is being requested and by a search prepared by a title company or licensed abstractor or by other evidence, satisfactory to Landlord and the Mortgagee, that there has not been filed with respect to any part of the Leased Premises any mechanics' or other lien or instrument for the retention of title in respect of any of the

work not discharged of record; and (ii) the request for any payment after the work has been completed shall be accompanied by a copy of any certificate or certificates required by law to render occupancy of the Leased Premises and all portions thereof legal;

(xi) No Tenant Change shall tie-in or connect the Leased Premises or any Improvements thereon with any property outside the Leased Premises without the prior written consent of the Landlord;

(xii) No Tenant Change shall (i) reduce the value of the Leased Premises; (ii) without Landlord's prior consent, change the general character of the Leased Premises; or (iii) impair the structural integrity of any building comprising a part of the Leased Premises; and

(xiii) In connection with any Tenant Changes involving an estimated cost in excess of $50,000.00 and not undertaken pursuant to the provisions of Section 11 or 12 hereof, Landlord may as a condition of its consent require Tenant to post a bond or other. security reasonably satisfactory to Landlord to insure the completion of such Tenant Changes.

(b) Notwithstanding anything to the contrary contained in this Lease, Tenant shall not, without the prior written approval of the Landlord, and the Mortgagee if required, make any alteration or change to the Leased Premises which would decrease the size of or decrease the square foot floor area of any building comprising a part of the Leased Premises.

10. INDEMNITY AND PUBLIC LIABILITY INSURANCE.

(a) Tenant shall at all times indemnify Landlord for, defend Landlord against, and save Landlord harmless from, any liability, loss, cost, injury, damage or other expense whatsoever that may occur or be claimed by or with respect to any person(s) or property on or about the Leased Premises and resulting directly or indirectly from the use, misuse, occupancy, possession or unoccupancy of the Leased Premises by Tenant or any concessionaires, subtenants or other persons claiming through or under Tenant, or their respective agents, employees, licensees, invitees, guests or other such persons, or from the conditions of the Leased Premises. Tenant shall, at its cost and expense, defend Landlord from and against any and all such actions, claims and demands and shall indemnify Landlord for all costs, expenses and liabilities it may incur in connection therewith. Landlord shall not in any event whatsoever be liable for any injury or damage to the Leased Premises or to the Tenant or to any concessionaires, subtenants or other persons claiming through or under Tenant, or their respective agents, employees, licensees, invitees, guests or other such persons or to any property of any such persons, unless in any such case the same shall arise from Landlord's gross negligence. Tenant shall not make any claim or demand upon or institute any action against the Landlord as a result of such injury or damage.

(b) Tenant, at its cost and expense, shall obtain and maintain in force throughout the term of this Lease, comprehensive general liability insurance against any loss, liability or damage on, about or relating to the Leased Premises, with limits of not less than One Million ($1,000,000.00) Dollars for death or injuries to one person and not less than Five Million ($5,000,000.00) Dollars for death or injuries to two or more persons in one occurrence, and not less than One Million ($1,000,000.00) Dollars for damage to property. Any such insurance obtained and maintained by Tenant shall name both Landlord and Tenant as the insured parties therein and shall be obtained and maintained from and with a reputable and financially sound insurance company(ies) reasonably acceptable to Landlord, authorized to issue such insurance in the State of New York.

(c) The policies of insurance required hereunder shall contain an agreement by the insurer that it will not cancel or modify such policy except after thirty (30) days prior written notice to Landlord by certified mail, return receipt requested. Not less than thirty (30) days prior to the expiration of any such insurance policy, Tenant shall deliver to Landlord a certificate evidencing the replacement or renewal thereof.

(d) Tenant shall furnish Landlord with duplicate original(s) or original certificate(s) of such insurance policies, including renewal and replacement policies, together

with written evidence that the premiums therefor have been paid. It is understood and agreed that said policies may be blanket policies covering other locations operated by Tenant, provided that such blanket policies specifically identify the Leased Premises and otherwise comply with the provision of this Section 10.

(e) Subject to the provision of this Lease, Tenant shall comply with the requirements of any Mortgages relating to the insurance and to the proceeds of insurance maintained and required to be maintained by Tenant pursuant to the provisions of Section 10 and 11 of this Lease.

11. INSURANCE FOR DAMAGE OR DESTRUCTION AND WORKER'S COMPENSATION.

(a) The Tenant shall, throughout the term of this Lease, at its own cost and expense, obtain and maintain in full force and effect and in the name of Tenant, Landlord and, if so requested by Landlord, any Mortgagees (except that Landlord and any Mortgagee need not be named on any Worker's Compensation policy):

(i) all risks insurance, including but not limited to collapse, loss or damage occasioned by fire, the perils included in the so-called extended coverage endorsement, vandalism and malicious mischief, and water damage and containing Replacement Cost, Agreed Amount and Demolition and Increased Cost due to Ordinance endorsements covering the Improvements and all-replacements and additions thereto, and all, fixtures, equipment and other personal property therein, the foregoing coverage shall be provided in amounts sufficient to provide one hundred (100%) percent of the full replacement cost of the Improvements and shall be determined from time to time, at Tenant's expense, at the request of the Landlord, by any appraiser selected by Tenant's and approved by Landlord and the insurance carrier;

(ii) if a sprinkler system shall be located in the Leased Premises, sprinkler leakage insurance in amounts reasonably satisfactory to Landlord and any Mortgagees;

(iii) such other insurance and in such amounts as may from time to time reasonably be required by Landlord and/or any Mortgagees;

(iv) Boiler and Machinery Broad Form policy covering explosion insurance in respect of steam and pressure boilers and similar apparatus, if any, located on the Leased Premises in an amount equal to one hundred (100%) percent of the full replacement cost of the Improvements;

(v) war risk insurance as and when such insurance is obtainable from the United States Government or any agency or instrumentality thereof, and in an amount not less than the full insurable value of the Leased Premises;

(vi) Worker's Compensation insurance subject to statutory limits or better in respect of any work or other operations on or about the Leased Premises;

(vii) such other insurance with respect to the Leased Premises and in such amounts as Landlord and any Mortgagee from time to time may request against such other

insurable hazards which at the time in question are commonly insured against in the case of property similar to the Leased Premises; and

(viii) during the performance of any construction, broad form Builder's All-Risk insurance.

(ix) flood insurance, if Landlord is advised that the Secretary of Housing and Urban Development or such other federal office or agency with jurisdiction, has determined that the Leased Premises are in an area which has been designated as having "special flood hazards". Tenant shall obtain the maximum amount of flood insurance available under the National Flood Insurance Program if such insurance is required.

(b) All such insurance shall:

(i) be obtained from and maintained with reputable and financially sound insurance company(ies) reasonably acceptable to Landlord and any Mortgagees, authorized to issue such insurance in the State of New York;

(ii) be reasonably satisfactory to Landlord and to any Mortgagees;

(iii) except for rent insurance, if any, provided that the proceeds of any loss shall be payable to Landlord, or if Landlord so requests to any Mortgagees, for the purposes set forth in this Lease;

(iv) contain an agreement by the insurer that it will not cancel or modify such policy except after thirty (30) days' prior written notice to Landlord and any Mortgagees by certified mail, return receipt requested; and

(v) provided that any loss otherwise payable thereunder shall be payable notwithstanding any act or negligence of Landlord or Tenant which might, absent such agreement, `result in a forfeiture of all or part of the payment of such loss.

(c) Not less than thirty (30) days prior to the expiration of any such insurance policy, Tenant shall deliver to Landlord a certificate

evidencing the replacement or renewal thereof.

(d) The Tenant shall furnish Landlord and any Mortgagees with duplicate original(s) or original certificate(s) together with true copy(ies) of all such insurance policies, including renewal and replacement policy(ies), together with written evidence that the premiums therefor have been paid It is understood and agreed that said policies may be blanket policies covering other locations operated by Tenant, provided (i) that such blanket policies specifically identify the Leased Premises and otherwise comply with the provisions of this Section 11, and (ii) that such policies shall provide for a reserved amount thereunder with respect to the Leased Premises so as to assure that the amount of insurance required by the provisions of this Section 11 will be available notwithstanding any losses with respect to other property covered by such blanket policies.

(e) If any portion of the Leased Premises is damaged or destroyed by fire or other casualty, Tenant shall forthwith give notice thereof to Landlord and Tenant shall, at its cost and expense, forthwith repair, restore, rebuild or replace the damaged or destroyed Improvements, fixtures or equipment, and complete the same as soon as reasonably possible, to the condition they were in prior to such damage or destruction, except for such changes in design or materials as may then be required by Law. The Landlord, in such event, shall, to the extent and at the times the insurer and any Mortgagees make the proceeds of the insurance available, reimburse the Tenant for the costs of making such repairs, restoration, rebuilding and replacements, provided further that said reimbursements need be made only under such conditions that the Landlord and any Mortgagees are assured that at all times the Leased Premises shall be free of liens or claims of liens by reason of such work, and provided further that the portion of the proceeds paid out at any time shall not exceed the value of the actual work and materials incorporated in the repaired, restored, rebuilt or replaced Leased Premises and that the conditions described in Section 9 are complied with. To the extent, if any, that the proceeds of insurance made available as aforesaid are insufficient to pay the entire cost of making such repairs, restoration, rebuilding and replacements, and notwithstanding the expiration or termination of the term of this Lease, the Tenant shall pay the amount by which such costs exceed the insurance proceeds made available as aforesaid on demand. Any surplus of insurance proceeds over the cost of restoration once such restoration shall be completed, shall be the property of the Tenant. Notwithstanding the foregoing, if the Improvements shall be damaged or destroyed by fire or other casualty through no fault of Tenant, its agents, servants, contractors or employees, and the estimated cost to restore the same to the condition existing prior to the date of such fire or other casualty shall exceed an amount equal to fifty (50%) percent of total insured value of the Improvements, then Tenant shall have the right to terminate this Lease on thirty (30) days prior written notice to Landlord, which notice shall include an assignment to Landlord of all of Tenant's right, title and interest in and to any insurance proceeds for the repair or restoration of the Improvements. Upon the expiration of such thirty (30) day period, this Lease shall cease and terminate and, except for any actual or contingent liabilities of Tenant to Landlord accrued to such date of termination, Landlord and Tenant shall have no further liability or obligation to each other under this Lease.

(f) In the event of any damage to or destruction of the Leased Premises, Tenant shall promptly notify Landlord and any Mortgagees and shall file prompt proof of loss to the relevant insurance company(ies). In the event the Tenant fails to file such proof of claims, the Tenant hereby authorizes the Landlord and/or the Mortgagee to file any such proofs of claims and take any actions necessary to preserve and protect any such claims under the relevant insurance policies.

(g) The obligation to pay the rent provided for herein and to otherwise perform Tenant's obligations hereunder shall continue unabated by reason of such damage or destruction; that is, there shall be no abatement or diminution of rent or release from any of Tenant's obligations hereunder by reason of such damage or destruction regardless of the period of time, if any, during which the Leased Premises or any part thereof remain untenantable, any Laws .to the contrary notwithstanding, except to the extent Landlord shall actually receive the proceeds of rent insurance as its sole property.

(h) The provisions and requirements of Section 9 shall apply with respect to any repairing, restoring, rebuilding or replacing made pursuant hereto; and same shall be made in accordance with the Plans and Specification to the extent same is. practicable.

(i) As to any loss or damage which may occur upon the property of a party hereto and be collected under any insurance policy(ies), such party hereby releases the other from any and all liability for such loss or damage to the extent of such amounts collected.

(j) Tenant shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be furnished by

Tenant under Sections 10 and 11 of this Lease, unless Landlord, and with respect to the insurance described in Section 11, any Mortgagees designated by Landlord, are included therein as named insureds, with loss payable as in said Sections provided. Tenant shall immediately notify Landlord whenever any such separate insurance is taken to and shall deliver to Landlord duplicate original(s) thereof, or original certificate(s) evidencing the same with true copies thereof, as provided in this Lease.

12. CONDEMNATION.

(a) In the event that at any time during the term of this Lease, title to the whole or materially all of the Leased Premises shall be taken by the exercise of the right of condemnation of eminent domain or by agreement between the Landlord and those authorized to exercise such right, this Lease shall terminate and expire on the date of such taking (herein called the "Taking Date").

(b) If (i) forty (40%) percent or more of the main building on the Leased Premises shall be taken, or (ii) forty (40%) percent or more of the parking accommodations, if any, shall be taken, or `(iii) all reasonable means of ingress and egress to and from the Leased Premises are permanently eliminated by reason of such a taking, then and in any such events, Landlord and Tenant shall each have the right to terminate this Lease on the next date for payment of Minimum Rental occurring at least sixty (60) days after notice to the other given within thirty (30) days after the Taking Date; provided, however, that Tenant may not terminate this Lease by reason of any such reduction of the parking accommodations, if any, if prior to the actual reduction Landlord shall have provided substitute parking areas adjacent to or in the immediate vicinity of the Leased Premises, which, together with the remaining parking accommodations, are sufficient to produce accommodations equal to eighty (80%) percent of this accommodations existing prior to such taking.

(c) If and when it shall be established that this Lease shall terminate pursuant to the provisions of subsection (b) of this Section 12, then Tenant shall, if less than the entire Leased Premises shall have been taken, and Tenant elects to cancel as a result thereof, deliver to Landlord a certificate of Tenant, signed by the President or any Vice President thereof, stating that, in the judgment of the Board of Directors of Tenant, the portion of the Leased Premises or the means of ingress and egress so taken is sufficient to fulfill the conditions set forth in subdivisions (i), (ii) or (iii) of subsection (b) of this Section 12.

(d) If this Lease shall terminate pursuant to the provisions of subsection (a) or (b) of this Section 12, then, (i) except with respect to obligations and liabilities of Tenant under

this Lease, actual or contingent, which have arisen on or prior to the Taking Date, this Lease shall terminate on the Taking Date upon payment by Tenant of all installments of Minimum Rental and all other sums then due and payable under this Lease to and including the Taking Date and (ii) Landlord shall be entitled to the entire award payable in connection with such taking, without claim by Tenant to all or any part thereof.

(e) In the event of any taking of the Leased Premises or any part thereof, if this Lease shall not terminate as provided in subsections 12(a) and 12(b) above, then this Lease shall continue unaffected (except as hereinafter specifically otherwise provided) and the Landlord shall be entitled to all awards, damages, consequential damages and compensation for such taking and the Tenant shall not be entitled to share in any such award or have any claim against Landlord for any part thereof, provided: (i) Landlord shall, to the extent the "Net Award" (defined herein to mean the entire award less all of Landlord's expenses related thereto) paid for the Improvements on the Leased Premises is made available to Landlord, reimburse Tenant for its costs of demolition, repair, rebuilding and restoration to return the Improvements to a tenantable condition, oas and when expended, and paid in like manner and subject to the provisions and conditions contained in Section 9 above, which provisions and conditions shall be deemed to apply to such demolition, repair, rebuilding and restoration; and (ii) the Minimum Rental payable by Tenant to Landlord under Section 3 hereof, from and after the date of restoration of the Leased Premises, shall be reduced in proportion to the area (on a square foot basis) of the Improvements existing following such taking over the area (on a square foot basis) of the Improvements existing on the commencement date of this Lease. In the event of any taking which does not result in a termination of this Lease, Tenant shall promptly make such demolition, repair rebuilding and restoration as are necessary to return the Leased Premises to a complete architectural unit and a tenantable condition (in accordance with the Plans and Specifications, to the extent same is practicable), and in the event that the cost of such demolition, repair, rebuilding and restoration shall exceed the Net Award collected by the Landlord, the Tenant shall pay the deficiency.

(f) Notwithstanding the foregoing, Tenant, at its cost and expense, shall be entitled to separately claim, in any condemnation proceeding, any damages payable for movable trade fixtures paid for and installed by Tenant (or any persons claiming under Tenant) without any contribution or reimbursement

therefor by Landlord, and for Tenant's loss of business, and for Tenant's relocation costs; provided Landlord's award is not reduced or otherwise adversely affected thereby.

13. REMOVAL OF TENANT'S PROPERTY.

Provided the Tenant is not then in default hereunder, the Tenant shall have the right, at any time during the term of this Lease, to remove "Tenant's Property", consisting of machinery, trade equipment, business and trade fixtures, and other trade equipment placed, installed, supplied or made by it in or on the Leased Premises at Tenant's cost and expense (without any contribution or reimbursement therefor by Landlord), and which may be removed without material injury to the Leased Premises; provided, however, that any damage to the Leased Premises or any part thereof occasioned by such removal shall be repaired by the Tenant at Tenant's cost and expense. As used herein and hereafter, the term "Tenant's Property" shall not include or be deemed to include any item now or hereafter installed in or on the Leased Premises

that is an integral part of the building, including, without limiting the generality of the foregoing, heating, ventilating and air conditioning plants and systems, electrical and plumbing fixtures and systems and other like equipment and fixtures, if any.

14. SUBORDINATION, NON-DISTURBANCE, NOTICE TO LESSORS AND MORTGAGEES.

(a) This Lease, and all rights of Tenants hereunder, are and shall be subject and subordinate in all respects to all ground and underlying leases, of all or any portions of the Leased Premises, now or hereafter existing, and to all Mortgages which may now or hereafter affect all or any portions of the Leased Premises and/or any of such leases, to each and every advance made or hereafter to be made under such Mortgages, and to all renewals, modifications, replacements and extension of such leases and Mortgages and spreaders and consolidations of such Mortgages. The provisions of this subsection (a) shall be self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall promptly execute and deliver any instruments that Landlord, the lessor or any such lease or the holder of any Mortgage, or any of their respective successors in interest, may reasonably request to evidence such subordinations, and Tenant hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute and deliver such instrument on behalf of Tenant, should Tenant refuse or fail to do so promptly after request, such power being coupled with an interest. The lease(s) to which, at the time in question, this Lease is subject and subordinate are hereinafter sometimes called "Superior Lease(s)" and the Lessor(s) of a Superior Lease or its (their) successor(s) in interest, at the time in question, is (are) sometimes hereinafter called "Superior Lessor(s)". If any Mortgagees shall, from time to time, so require, this Lease shall be prior in lien to the lien of its or their respective Mortgages.

(b) In the event of any act or omission of Landlord which would give Tenant the right, immediately or after lapse of a period of time, to cancel or terminate this Lease, or to claim a partial or total eviction, Tenant shall not exercise such right (i) until it has given written notice of such act or omission to each Mortgagee and each Superior Lessor whose name and address shall previously have been furnished to Tenant in writing, and (ii) unless such act or omission shall be one which is not capable of being remedied by Landlord or any Mortgagee or Superior Lessor within a reasonable period of time, until a reasonable period for remedying such act or omission shall have elapsed following the giving of such notice and following the time when all such Mortgagees and Superior Lessors shall have become entitled under such Mortgages or Superior Leases, as the case may be, to remedy the same (which reasonable period shall in no event be less than the period to which Landlord would be entitled under this Lease or otherwise, after similar notice, to effect such remedy), provided any such Mortgagee or Superior Lessor shall with due diligence give Tenant written notice of its intention to and shall commence and continue to remedy such act or omission, but nothing herein contained shall obligate any Mortgagee or Superior Lessor to do so unless it so elects.

(c) If a Superior Lessor or a Mortgagee shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed, then at the request of such party so succeeding to Landlord's rights (herein sometimes called "Successor Landlord") and upon such Successors Landlord's written agreement to accept Tenant's attornment, Tenant shall attorn to and recognize such Successors Landlord as Tenant's

landlord under this Lease, and shall promptly execute and deliver any instrument that such Successor Landlord may reasonably request to evidence such attornment. Tenant hereby irrevocably appoints Landlord the attorney-in-fact of Tenant to execute and deliver such instrument on behalf of Tenant, should Tenant refuse or fail to do so promptly after request, such power being coupled with an interest. Upon such attornment this Lease shall continue in full force and effect as, and as if it were, a direct lease between the Successors Landlord and Tenant upon all of the terms, covenants and conditions set forth in this Lease, and all such

terms, covenants and conditions. shall be applicable after such attornment except that the Successor Landlord shall:

(i) not be liable for any previous act or omission of Landlord under this Lease,

(ii) not be subject to any offset, not expressly provided for in this Lease, which shall have theretofore accrued or which may thereafter accrue to Tenant against Landlord, and

(iii) not be bound by any previous modification of this Lease, not expressly provided for in this Lease, other than a modification of this Lease executed by Landlord and Tenant prior to the execution of any Superior Lease or Mortgage, or by any previously prepayment of more than one months Minimum Rental, unless such modification or prepayment shall have been expressly approved in writing by the Superior Lessor(s) or the Mortgagees) through or by reason of which the Successor Landlord shall have succeeded to the rights of Landlord under this Lease.

15. NON-WAIVER.

Neither a failure by the Landlord to exercise any of its options hereunder, no failure to enforce its rights or seek its remedies upon any default, shall effect or constitute a waiver of the Landlord's right to exercise such option, to enforce such right, or to seek such remedy with respect to that default or to any prior or subsequent default. The remedies provided in this Lease shall be cumulative and shall not in any way abridge, modify or preclude any other rights or remedies to which the Landlord may be entitled either at law or in equity.

16. QUIET ENJOYMENT.

If the Tenant pays the rent it is obligated hereunder to pay, and observes all other terms, covenants and conditions hereof, it may peaceably and quietly have, hold and enjoy the Leased Premises during the term of this Lease, subject, however, to all the terms of this Lease. No failure by Landlord to comply with the foregoing covenant shall give Tenant any right to cancel or terminate this Lease or to abate, reduce or make any deduction from or .offset against any rent or any other sum payable under this Lease, or to fail to perform any other obligations of Tenant hereunder.

17. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall not sublet the Leased Premises, nor any part thereof, nor assign, or otherwise dispose of this Lease or any interest therein, or any part thereof, without

Landlord's prior written consent in each of the foregoing cases, which consent, however, to an assignment of this Lease, or subletting of the Leased Premises or part thereof, shall be in Landlord's sole and absolute discretion and, provided the following conditions complied with:

(i) Any assignment shall transfer to the assignee all of the Tenant's rights in, and interests under, this Lease.

(ii) At the time of any assignment and/or subletting, this Lease must be in full force and effect without any breach or default thereunder on the part of the Tenant.

(iii) Any assignee, shall assume, by written, recordable instrument, in form and content satisfactory to Landlord, the due performance of all Tenant's obligations under this Lease including any accrued obligations at the time of the assignment. A copy of the assignment and assumption agreement, both in form and content reasonably satisfactory to Landlord, fully executed and acknowledged by the assignee, together with a certified copy of a property executed corporate resolution (if the assignee be a corporation) authorizing such assumption agreement, shall be sent to Landlord, within ten (10) days from the effective date of such assignment.

(iv) A copy of any sublease fully executed and acknowledged by the Tenant and the sublessees, shall be mailed to Landlord within ten (10) days from effective date of such subletting.

(v) Such assignment and/or subletting shall be subject to all the provisions, terms, covenants and conditions of this Lease and the Tenant--assignor and such assignee(s) shall continue to be and remain liable hereunder, it. being expressly understood and agreed that no assignment or subletting of the Leased Premises shall, in any way, relieve Tenant or any subsequent assignee(s) from the performance of any of the agreements, terms, covenants and conditions of this Lease.

(vi) Each subleases permitted under this Section shall contain provisions to the effect that (A) such sublease is only for the actual use and occupancy by the sublessee, and (B) such sublease is subject and

subordinate to all of the terms, covenants and conditions of this Lease and to all of the rights of Landlord thereunder, and (C) in the event this Lease shall terminate before the expiration of such sublease, the subtenant thereunder will, at Landlord's option, attorn to Landlord and waive any rights the subtenant may have to terminate the sublease or to surrender possession thereunder, as a result of the termination of this Lease.

(b) Notwithstanding anything contained in this Lease to the contrary and notwithstanding any consent by Landlord to any sublease of the Leased Premises or to any assignment of this Lease, no subtenant shall assign its sublease no further sublease the Leased Premises, or any portion thereof, and no assignee shall further assign its interest in this Lease nor sublease the Leased Premises, or any portion thereof, without Landlord's prior written consent in each of such cases, such consent shall be in Landlord's sole and absolute discretion.

(c) Notwithstanding anything contained in this Lease to the contrary, should Tenant desire to assign this Lease or sublet the Leased Premises, it shall give written notice of its intention to do so to Landlord sixty (60) days or more before the effective date of such proposed

subletting or assignment which notice shall state the name of the proposed subtenant a copy of the proposed sublease and the terms thereof, a financial statement of the proposed subtenant in a form and substance acceptable to the Landlord and Landlord may, at any time within thirty (30) days after the receipt of such notice from Tenant, cancel this Lease by giving Tenant written notice of its intention to do so, in which event such cancellation shall become effective upon the date specified by Landlord, but not less than thirty (30) days more than ninety (90) days after its receipt by Tenant, with the same force and effect as if said cancellation date were the date originally set forth as the expiration date of the term of this Lease. Landlord may enter into a direct lease with the proposed subtenant or assignee or with any other persons as Landlord may desire.

(d) Tenant's failure to comply with all of the provisions and conditions of this Section 17 and all of the subsections hereof shall (whether or not Landlord's consent is required under this Section), at Landlord's option, render any purported assignment or subletting null and void and of no force and effect.

(e) Tenant may not mortgage, pledge or otherwise encumber its leasehold estate hereunder, and any attempt to mortgage, pledge or otherwise encumber such estate shall be null and void and of no force and effect.

(f) The Tenant may consolidate with or merge into any other corporation, convey or transfer all or substantially all of its assets to any other corporation, or permit any other corporation to consolidated with or merge into it upon condition that:

(i) The corporation which results from such consolidation or merger or the transferee to which such sale shall have been made (the "Surviving Corporation") is a corporation organized under the laws of any State of the United States, and the Surviving Corporation shall have a net worth, computed in accordance with generally accepted accounting principles, consistently applied at least equal to the net worth of Tenant on the day immediately preceding such consolidation, merger or transfer; and

(ii) the Surviving Corporation shall expressly and unconditionally assume by written agreement in recordable form to perform all such obligations of the Tenant hereunder and shall be obligated to perform all such obligations of the Tenant hereunder to the same extent as if the Surviving Corporation had originally executed and delivered this Lease; and

(iii) no rights of Landlord under this Lease shall be affected or reduced by such consolidation, merger, conveyance or transfer.

Tenants covenants that it will not merge or consolidate or sell or otherwise dispose of all or substantially all of its assets unless there shall be compliance with all of the foregoing provisions of subsection 17(g) of this Lease and unless the instrument referred to in subparagraph 17(f) (ii) above shall have been delivered to Landlord.

(g) Notwithstanding anything to the contrary contained in this Lease, Landlord's consent to a subletting by Tenant or a portion of the Leased Premises shall not be required, provided and on condition that:

(i) Such sublease shall be for no more than twenty-five (25%) percent of the area of the buildings comprising the Leased Premises:

(ii) Tenant shall, during the one year period from the date of such sublease (and any renewals or extensions thereof), physically occupy no less than fifty (50%) percent of the area of the buildings comprising

the Leased Premises; and

(iii) Tenant, such proposed subtenant and the proposed sublease (as the case may be) shall comply in all respects with the applicable provisions of subparagraphs (a)(ii), (a)(iv), (a)(v), (a)(vi), (b), and (d) of this Article 17.

18. ENTRY BY LANDLORD.

Landlord, any Superior Lessor(s) and any Mortgagee(s), and their respective duly authorized representatives shall have the right to enter the Leased Premises at all reasonable times (and at any time in the event of an emergency) for the purposes of:

(a) inspecting the conditions of same, and making such repairs, alterations, additions, or improvements thereto as may be necessary or desirable ii Tenant fails to do so as required hereunder (but the Landlord shall have no duty whatsoever to make any such inspections, repairs, alterations, additions, or improvements); and

(b) exhibiting the same to persons who may wish to purchase, finance or lease the same, and during the last twelve (12) months of the term of this Lease, placing a notice of reasonable size on the Leased Premises offering the sane or any part thereof for sale or for rent.

19. TENANT'S DEFAULT.

The following shall be defined and deemed as an "Event of Default":

(a) if Tenant shall default in payment of the Minimum Rental or any additional rent and if Tenant shall fail to cure said default within ten (10) days after receipt of notice of such default from Landlord;

(b) if Tenant shall default in the performance or observance of any other term, covenant or condition to be performed or observed by Tenant under this Lease and if Tenant shall fail to cure said default within twenty (20) days after receipt of notice of said default from Landlord, or is said default shall reasonably require longer than twenty (20) days to cure, if Tenant shall fail to commence to cures said default within twenty (20) days after receipt of notice thereof and continuously prosecute the curing of the same to completion with due diligence, or

(c) if Tenant shall make an assignment of its property for the benefit of creditors or shall institute any proceedings relating to it or its property under any bankruptcy or insolvency laws of any jurisdiction or shall petition to any court for, or consent to, the appointment of a receiver, trustee or assignee of it or any part of its property, or

(d) if an order for relief under any provisions of the Bankruptcy Reform Act of 1978 shall be entered against Tenant, or

(e) if Tenant shall be declared bankrupt or insolvent according to law, or

(f) if any bankruptcy or insolvency proceedings shall be commenced against Tenant and shall not be dismissed within sixty (60) days thereafter, or

(g) if a receiver, trustee, or assignee shall be appointed without the consent of Tenant in any bankruptcy or insolvency proceedings of Tenant or the property of Tenant and shall not be discharged within ninety (90) days thereafter, or

(h) if Tenant shall be liquidated or dissolved, or shall begin proceedings toward its liquidation or dissolution, or shall, in any manner, permit. the divestiture of substantially all of its assets, or

(i) if the Leased Premises becomes vacant or deserted; or

(j) if any execution or attachment shall be issued against Tenant or any of Tenant's property whereupon the Leased Premises shall be taken or occupied by someone other than Tenant; or

(k) if this Lease is rejected under Section 365 of Title II of the U.S. Code (Bankruptcy Code); or

(l) Tenant shall fail to move into and take possession of the Leased Premises within fifteen (15) days after the commencement of the term of this Lease; or

(m) The occurrence of a Guarantor's Event of Default under the Guaranty.

(n) if, as a result of any failure by Tenant to perform or

observe any of the terms, covenants or conditions to be performed or observed by it under this Lease, a breach or default shall have occurred and be continuing under any Superior Lease or Mortgage. The word "Tenant" as used in subsections (c), (d), (e), (f), (g), (h) and (i) of this Section 19 shall mean the then holder of the Tenant's interest in this Lease hereunder. Any defaults in Tenant's liabilities or obligations under this Lease occasioned by any acts or failures to act by any persons having or claiming any right, title and interest in or to the Leased Premises by, through or under Tenant, shall be deemed the default of Tenant hereunder. If this Lease is terminated pursuant to this Section 19, Tenant waives (I) the benefit of any Laws exempting property from liability for rent or for debt, and (ii) the service of any notice which may be required by any Laws.

In case of the occurrence of any Event of Default hereinbefore provided, the Landlord shall have the immediate right of re-entry and may remove all persons and property from the Leased Premises by summary proceedings, force or otherwise. In addition, in the event of the occurrence of any Event of Default (whether or not Landlord shall elect to re-enter or to take possession pursuant to legal proceedings or pursuant to any notice provided by Laws) Landlord shall have the right, at its option, to terminate this Lease on not less than three (3) days notice to Tenant and upon the giving of said notice this Lease and the term hereof shall cease and expire on the date set forth in said notice, this Lease and the term hereof shall cease and expire on the date set forth in said notice as if said date were the expiration date originally set forth herein and/or it may from time to time, whether or not this Lease be terminated, make such alterations

and repairs as may be reasonably necessary in order to relet the Leased Premises or any part(s) thereof for such term or terms (which may extend beyond the term of this Lease) and at such rental(s) and upon such other terms and conditions as Landlord in its sole discretion may deem advisable; upon each such reletting all rentals received by the Landlord from such reletting shall be applied, first, to the payment of any indebtedness (other than rents due hereunder) of Tenant to Landlord, second, to the payment of any costs and expenses of such reletting, including without limitation, brokerage fees (at no greater than customary rates in the area in which the Leased Premises is located) and reasonable attorney's fees and of the cost of such alterations and repairs, third, to the pay any rents due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rents and other payments required to be made by Tenant hereunder as the same may become due and payable hereunder, with the right reserved to Landlord to bring such action(s) or proceeding(s) for the recovery of any deficits remaining unpaid without being obliged to await the end of the term for a final determination of Tenant's account; and the commencement or maintenance of any one or more actions shall not bar Landlord from bringing other or subsequent actions for further accruals pursuant to the provisions of this Section. If such rentals received from such reletting during any month be less than that to be paid during any month be less than that to be paid during that month by Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Such deficiency shall be calculated and paid monthly subject to Landlord's right of action(s) or proceeding(s) as aforesaid. No such re-entry or taking possession of the Leased Premises by Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such .reletting by Landlord without termination, Landlord may at any time thereafter elect to terminate this Lease for such previous breach. Should Landlord at any time terminate this Lease for any breach, in addition to any other remedies it may have, it may recover from Tenant all damages it may incur by reason of such breach as damages for loss of the bargain and not as a penalty, including the cost of recovering the Leased Premises, reasonable attorneys' fees, and including the worth, at the time of such termination, of the excess, if any, of the amount of rental and charges equivalent to the rental and charges reserved in this Lease for the remainder of the then term of this Lease, over the aggregate rental value of the Leased Premises for the remainder of such term, all of which shall be immediately due and payable from Tenant to Landlord. If any Laws shall validly limit the amount of the damages provided for in the immediately proceeding sentence to less than the amount above agreed upon, Landlord shall be entitled to the maximum amount allowable under such Laws. In the event the Tenant does not comply with its obligations under this Lease, Landlord shall also have the right to appropriate injunctive relief. The rights and remedies whether herein or anywhere else in this Lease provided shall be cumulative, and the exercise of any one right or remedy shall not preclude the exercise of or act as a waiver of any other right or remedy of Landlord hereunder, or which may be existing at law, or in equity or by statute or otherwise.

20. TAX APPEALS AND CONTEST.

(a) Tenant shall have the right, at its cost and expense, to contest the amount or validity, in whole or in part, of any Imposition of any kind by appropriate proceedings diligently conducted in good faith, but no such contest shall be carried on or maintained by Tenant after the time limit for the payment of any Imposition unless the Tenant, at its option: (i) shall pay the amount involved under protest; or (ii) shall procure and maintain a stay of all

proceedings to enforce any collection of any Imposition, together with all penalties, interest, costs and expenses, by a deposit of a sufficient sum of money, or by such undertaking, as may be required or permitted by law to accomplish such stay; or (iii) shall deposit with Landlord or any Superior Lessor or Mortgagee, as security for the performance by the Tenant of its obligations hereunder with respect to such Impositions, such security in amounts equal to such contested amount or such reasonable security as may be demanded by the Landlord or any Superior Lessor or Mortgagee to insure payment of such contested Imposition and all penalties, interests, costs and expenses which may accrue during the period of the contest. Upon the termination of any such proceedings, it shall be the obligation to Tenant to pay the amount of such Imposition or part thereof, as finally determined in such proceedings, the payment of which may have been deferred during the prosecution of such proceedings, together with any costs, fees (including counsel fees), interest, penalties or other liabilities in connection therewith, whereupon the Landlord shall arrange to have returned to the Tenant, without interest thereon, all amounts, if any, held by or on behalf of Landlord which were deposited by the Tenant in accordance with the provision hereof.

(b) With the prior written consent of the Landlord, Tenant shall have the right, at its cost and expense, to seek a reduction in the valuation of the Leased Premises as assessed for tax purposes and to prosecute any action or proceeding in connection therewith. Provided Tenant is not in default hereunder, Tenant shall be authorized to collect any tax refund of any tax paid by Tenant obtained by reason thereof and to retain the same.

(c) Landlord agrees that whenever Landlord's cooperation is required in any of the proceedings brought by Tenant as aforesaid, Landlord will reasonably cooperate therein, provided same shall not entail any cost, liability or expense to Landlord and Tenant will pay, indemnify and save Landlord harmless of and from, any and all liabilities, losses, judgments, decrees, costs and expenses (including all reasonable attorneys' fees and expenses) in connection with any such contest and will, promptly after the final settlement, fully pay and discharge the amounts which shall be levied, assessed, charged or imposed or be determined to be payable therein or in connection therewith, and Tenant shall perform and observe all acts and obligations, the performance of which shall be ordered or decreed as a result thereof. No such contest shall subject Landlord or any Superior Lessor or Mortgagee to the risk of any material civil liability or the risk of any criminal liability, and Tenant shall give such reasonable indemnity or security to Landlord, any Superior Lessor and nay Mortgagee as may reasonably be demanded by any of them to insure compliance with the foregoing provisions of this Section 20.

21. SIGNS.

Tenant may, during the term of this Lease, upon obtaining any and all necessary permits from governmental authorities, paint or erect and maintain, at its cost and expense, signs of such dimensions and materials as it may reasonably deem appropriate in or about the Leased Premises. The Landlord, on written notice to the Tenant, shall have the right to approve any such signs, but the Landlord shall not unreasonably withhold its consent to the erection of such signs so long as the signs preserve the general character of the Leased Premises. Such signs shall, at the option of the Landlord, be removed by Tenant upon the termination of its occupancy of the Leased Premises. Subject to applicable laws, such signs may be located on the exterior walls, on the roof and inside windows.

22. SURRENDER OF PREMISES.

Except in the case of condemnation described in subsection 12(a), at the expiration or sooner termination of the term of this Lease, Tenant shall surrender the Leased premises in the same condition as the Leased Premises were in upon delivery of possession thereto under this Lease, reasonable wear and tear excepted, and shall surrender all keys for the Leased Premises to Landlord at the place then fixed for the payment of rent and shall inform Landlord of all combinations on locks, safes and vaults, if any, in the Leased Premises. Tenant shall at such time remove all Tenant's Property, as well as any alterations or improvements, if requested to do so by Landlord, and shall repair any damage to the Leased Premises caused thereby, and any or all of such property not so removed shall, at Landlord's option, become the exclusive property of Landlord or be disposed of by Landlord, at Tenant's cost and expense, without further notice to or demand upon Tenant. If the Leased Premises be not surrendered as and when aforesaid, Tenant shall indemnify Landlord against loss or liability resulting from the delay by Tenant in so surrendering the Leased Premises including, without limitation, any claims made by any succeeding occupant founded on such delay. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease. Notwithstanding the foregoing, Tenant shall not be required to remove any alterations and improvements made by Tenant in the Leased Premises prior to

April 1, 2005.

23. ENVIRONMENTAL REQUIREMENTS.

(a) Definitions:

(i) Hazardous Material shall mean any substance:

1. the presence of which requires investigation or remediation under any federal, state or local statute, regulation, ordinance, order, action, policy or common law; or

2. which is or becomes defined as a "hazardous waste," "hazardous substance," pollutant or contaminant under any federal, state or local statute, regulation, rule or ordinance or amendments thereto including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601 et seq.) and/or the Resource Conservation and Recovery Act (42 U.S.C. section 6901 et seq.); or

3. which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of New York or any political subdivision thereof; or

4. the presence of which on the Leased Premises causes or threatens to cause a. nuisance upon the Leased Premises or to adjacent properties or poses or threatens to pose a hazard, to the health or safety of persons on or about the Property; or

5. without limitation which contains gasoline, diesel fuel or other petroleum hydrocarbons; or

6. without limitation which contains polychlorinated biphenols (PCBs), asbestos or urea formaldehyde foam insulation.

(ii) Environmental Requirements means all applicable present and future statutes, regulations, rules, ordinances, codes, licenses, permits, orders,' approvals, plans, authorizations, concessions, franchises, and similar items, of all governmental agencies, departments, commissions, boards, bureaus, or instrumentalities of the United States, states and political subdivisions thereof and all applicable judicial, administrative, and regulatory decrees, judgments, and orders relating to the protection of human health or the environment, including, without limitation:

1. All requirements, including but not limited to those pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of "Hazardous Materials," chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials or wastes whether solid, liquid, or gaseous in nature, into the air, surface water, ground water, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of chemical substances, pollutants, contaminants, or hazardous or toxic substances, materials, or wastes, whether solid, liquid, or gaseous in nature; and

2. All requirements pertaining to the protection of the health and safety of employees or the public.

(b) The Tenant promises that the Tenant will not place or permit to be placed any Hazardous Materials on the Leased Premises or use or permit the use of the Leased Premises in a manner that violates applicable Environmental Requirements, and further, that, if at any time it is determined that the operation or use of the Leased Premises violates any applicable Environmental Requirements or that there are materials located on the Leased Premises that, under any Environmental Requirement, require special handling in collection, storage, treatment or disposal, the Tenant shall, within thirty (30) days after written notice thereof, take or cause to be taken, at its sole expense, such actions as may be necessary to comply with all Environmental Requirements. If the Tenant shall fail to take such action, the Landlord may make advances or payments towards performance or satisfaction of the same but shall be under no obligation so to do; and all suns so advanced or paid, including, without limitation, reasonable counsel fees, fines, or other penalty payments and all sums advanced or paid in connection with any judicial or administrative investigation or proceeding relating thereto, shall immediately, upon demand, be due from the Tenant and shall bear the Maximum Rate per annum set forth from the date the same shall become due and payable until the date paid, and all sums so advanced or paid, with interest as aforesaid, shall be added as additional rent hereunder. The Tenant shall execute and deliver, promptly after request, such instruments as the Landlord may deem useful or required to permit the Landlord to take any such action. Notwithstanding any provisions of this section, if any Hazardous Materials are found to be located at or near the Property, such occurrence is an Event of Default under this

Lease.

(c) The Landlord may, at its option, at intervals of not less than one year, cause an environmental audit of the Leased Premises or portions thereof to be conducted to confirm the Tenant's compliance with the provisions of this Paragraph.

(d) The Tenant shall send to the Landlord copies of all notices, letters or other communications respecting the Lease Premises that are either received by the Tenant from any governmental or quasi-governmental authority or agency concerning Environmental Requirements or sent by the Tenant to any such authority or agency, promptly upon such receipt or transmittal by the Tenant.

(e) The Tenant shall indemnify, hold harmless, reimburse, and, upon request of the Landlord, defend the Landlord from, against and for any and all liability or responsibility that may at any time be imposed upon the Landlord by reason of the Leased Premises or any portion thereof or the operation or use thereof by the Tenant or any prior owner thereof not complying fully with all Environmental Requirements. The provisions of this paragraph shall survive the termination of this Lease.

24. "LANDLORD" DEFINED.

(a) The term "Landlord" as used in this Lease means only the owner of the Leased Premises, or the Mortgagee in possession of the Leased Premises, for the time being, so that in the event of any sale or other transfer of the Leased Premises, Landlord shall be and hereby is entirely freed and relieved of all liabilities and obligations of Landlord hereunder, and it shall be deemed without further agreement between the parties and any successor of Landlord, that such successors has assumed and agreed to perform and observe all liabilities and obligations of Landlord hereunder.

(b) Notwithstanding anything contained herein to the contrary, it is specifically understood and agreed that there shall be no personal liability on Landlord in respect of any of the terms, covenants, conditions or provisions of this Lease, and in the event of a breach or default by Landlord of any of its liabilities and obligations under this Lease, Tenant and any persons claiming by, through or under Tenant shall look solely to the equity of the Landlord in the Leased Premises for the satisfaction of Tenant's and such persons' remedies and claims for damages.

25. TENANT'S PAYMENTS.

Each and every payment and expenditure, other than Minimum Rental and other than costs for any additions, alterations, repairs, replacements and improvements to the Improvements, which are required to be paid by Tenant under this Lease shall be deemed to be additional rent hereunder, whether or not the provisions requiring payment of such amounts specifically so state, and shall be payable, unless otherwise provided in this Lease, on demand by Landlord and in the case of the non-payment of any such amount, Landlord shall have, in addition to all of its other rights and remedies, all of the rights and remedies available to Landlord hereunder or by Laws in the case of non-payment of Minimum Rental. Unless expressly otherwise provided in this Lease, the performance and observance by Tenant of all the terms, covenants and conditions of this Lease to be performed and observed by Tenant hereunder shall be performed and observed by Tenant at Tenant's sole cost and expense. Tenant agrees to pay or reimburse Landlord, on demand, for any reasonable costs and expenses that may be incurred by Landlord in connection with its review of any instruments or documents requested by Tenant pursuant to this Lease or relating to the Leased Premises including but not limited to

the costs and expenses of making such investigations as the Landlord shall deem appropriate and the reasonable legal fees and disbursements of Landlord's counsel. All payments of Minimum Rental hereunder shall be made to Landlord by check or wire transfer of federal funds, as Landlord may direct, at the address set forth in the beginning hereof unless otherwise provided herein or at such other address as may be designated by Landlord;.

26. RIGHT TO CURE DEFAULTS.

If Tenant shall fail to fully comply with any of its liabilities or obligations (see original document last line has been cut of f from copy) to make repairs maintain various policies of insurance, comply with all Laws and pay all Impositions and bills for utilities), then (3) days after the giving of written notice of such breach to Tenant (except that prior written notice shall not be required in the event of an emergency) Landlord shall have the right, at its option to cure such breach at Tenant's cost and expense. Tenant agrees to reimburse Landlord (as additional rent) for all losses, costs, damages and expenses resulting therefrom or incurred in connection therewith, together with interest thereon (at a rate equal to the "Maximum Rate"), promptly upon demand.

27. COVENANT AGAINST LIENS.

(a) If, because of any act or omission (or alleged act or omission) of Tenant, any mechanic's or other lien, charge or order for payment of money or other encumbrances shall be filed or imposed against Landlord, any Superior Lessor, any Mortgagee and/or any portion of the Leased Premises (whether or not such lien, charge, order or encumbrance is valid or enforceable as such), Tenant shall, at its cost and expense, cause same to be discharged of record or bonded within thirty (30) days after notice to Tenant of the filing or imposition thereof; and Tenant shall indemnify and defend Landlord against and save Landlord harmless from all losses, costs, damages, expenses, liabilities, suits, penalties, claims, demands and obligations, including, without limitation, reasonable counsel fees, resulting therefrom. If Tenant fails to comply with the foregoing provisions, Landlord shall have the option of discharging or bonding any such lien, charge, order or encumbrance, and Tenant agrees to reimburse Landlord (as additional rent) for all losses, costs, damages, and expenses resulting therefrom or incurred in connection therewith, together with interest thereon (at a rate equal to the "Maximum Rate"), promptly upon demand.

(b) All materialmen, contractors, artisans, mechanics, laborers and any other persons now or hereafter furnishing any labor, services, materials, supplies or equipment to Tenant with respect to any portion of the Leased Premises, are hereby charged with notice that they must look exclusively to Tenant to obtain payment for same. Notice is hereby given that the Landlord shall not be liable for any labor, services, materials, supplies or equipment furnished or to be furnished to the Tenant upon credit, and that no mechanic's or other lien for any such labor, services, materials, supplies or equipment shall attach to or affect the estate or interest of the Landlord in and to the Leased Premises.

28. WAIVER OF REDEMPTION.

It being clearly understood by Tenant that Landlord is unwilling to enter into any lease of the Leased Premises unless the statutory rights or redemption after a dispossess proceeding and

to a second further trial after an action in ejectment shall be waived by Tenant (unless such second or further trial results from an Appellate Court decision reversing the decision of the first trial) and Tenant being willing to waive all such rights of redemption conferred by statute in order that it may. secure a lease, Tenant covenants and agrees that in the event of an action for ejectment or any other action or proceeding to dispossess, terminating this Leases, the right of redemption provided or permitted by any Laws, and the right to any second or further trial provided or permitted by any Laws, shall be and hereby are expressly waived (unless such second or further trial results from an Appellate Court decision reversing the decision of the first trial). Tenant hereby expressly waives the service of any notice in writing of intention to re-enter as provided for or may be provided for in and by the laws of the State of New York, as the same may from time to time exist.

29. LANDLORD'S AND TENANT'S CERTIFICATES.

Landlord and Tenant shall, each without charge at any time and from time to time, within ten (10) days after request by the other party, certify by written instrument, duly executed, acknowledged and delivered to any ground lessor, Mortgagee, assignee of any Mortgagee or purchaser, or any proposed Mortgagee, or proposed assignee or sub-tenant of Tenant or any other person, firm or corporation specified by Landlord or Tenant:

(a) That this Lease is unmodified and in full force and effect (or, if there has been modification, that the same if in full force and effect as modified and stating the modifications);

(b) Whether or not there are then existing any breaches or defaults by the other party under any of the terms of this Lease and specifying such breach of default or any setoffs or defenses against the enforcement of any of the agreements, terms covenants or conditions of this Lease upon the part of the Landlord or Tenant, as the case may be, to be performed or complied with (and, if so, specifying the same and the steps being taken to remedy the same); and

(c) The dates, if any, to which the rental(s) and other charges under this Lease have been paid in advance.

30. WAIVER OF TRIAL BY JURY.

Landlord and Tenant do hereby waive trial by jury in any action, proceeding or counterclaim brought by either against the other, upon any matters whatsoever arising out of or in any way connected with this Lease, Tenant's use or occupancy of the Leased Premises, and/or claim of injury or damage. It is further mutually agreed that in the event Landlord commences any summary proceeding for non-payment of Minimum Rental or additional rent, Tenant will not interpose any counterclaim of whatever nature or description in any such proceeding.

31. NET LEASE: NON-TERMINABILITY.

This is an absolutely net lease, and, except as otherwise specifically provided in Section 12 hereof, this Lease shall not terminate nor shall Tenant have any right to terminate this Lease; nor shall Tenant be entitled to any abatement, deduction, deferment, suspension or reduction of,

or setoff, defense or counterclaim against, any rentals, charges, or other sums payable to Tenant under this Lease; nor shall the respective obligations of Landlord and Tenant be otherwise affected by reason of damage to or destruction of the Leased Premises from whatever cause, any taking by condemnation, eminent domain or by agreement between Landlord and those authorized to exercise such rights, the lawful or unlawful prohibition of Tenant's use of the Leased Premises, the interference with such use by any persons, corporations or other entities, or by reason of any eviction by paramount title, or by reasons of any default or breach of any warranty by Landlord under this Lease or any other agreement between Landlord and Tenant or to which Landlord and Tenant are parties, or for any other cause whether similar or dissimilar to the foregoing, any Laws to the contrary notwithstanding; it being the intention that the obligations of Landlord and Tenant hereunder shall be separate and independent covenants and agreements and that the Minimum Rental, additional rent and all other charges and sums payable by Tenant hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease; and Tenant covenants and agrees that it will remain obligated under this Lease in accordance with its terms, and that it will not take any action to terminate, cancel, rescind or void this Lease, notwithstanding the bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceedings affecting Landlord or any assignee of, or successor to, Landlord, and notwithstanding any action with respect to this Lease that may be taken by a trustee or receiver of Landlord or any assignee of, or successor to, Landlord or by any court in any such proceeding.

32. MISCELLANEOUS PROVISION.

(a) NOTICES. Any notice, communication, request or other document or demand required or permitted under this Lease shall be in writing and shall be given to Landlord or Tenant by first class certified or registered mail, return receipt requested, Federal or like express mail service or by hand at their respective addresses hereinabove set forth, except that following the commencement date of this Lease, Tenant's address shall be deemed to be the address of the Leased Premises. Such notification shall be deemed given as of the date of mailing, depositing with a representative of Federal Express or like express mail service or hand delivery. Either party may, from to time, change the address at which such written notices, communications, requests, or other documents or demands are to be given, by giving the other party(ies) written notice of such changed address, pursuant to the terms hereinabove set forth. At Landlord's option, which may be exercised at any time hereafter, Tenant shall send copies of any and all said notices and other communications designated by Landlord, to any Mortgagees and Superior Lessors designated by Landlord, in the same manner as notices are required to be sent to Landlord, and at such address(es) as Landlord may from time to time designate by notice to Tenant. The attorney for the Landlord or Tenant are authorized to give any and all notices on behalf of their respective clients.

(b) RELATIONSHIP OF THE PARTIES. It is the intention of the parties hereto to create the relationship of Landlord and Tenant, and no other relationship whatsoever, and unless expressly otherwise provided herein, nothing herein shall be construed to make the parties hereto liable for any of the debts, liabilities or obligations of the other party.

(c) GOVERNING LAWS. This Lease shall be governed exclusively by the provisions hereof and by the laws of the State of New York as the same may from time to time exist.

(d) INVALIDITY OF PARTICULAR PROVISION. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to person or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

(e) WAIVER. Failure on the part of either party to complain of any action or non-action on the part of the other party, no matter how long the same may continue, shall never be deemed to be a waiver by either party of any of its rights hereunder. Acceptance by Landlord of Minimum Rental, additional rent or any other charges paid by Tenant hereunder shall not be or be deemed to be a waiver by Landlord of any default by Tenant, whether or not Landlord knows of such default. No waiver at any time of any of the provisions hereof by either party shall be construed as a waiver of any of the other provision hereunder and a waiver at any time of any of the provisions hereof shall not be construed as a

waiver at any subsequent time of the same provisions.

(f) COUNTERPARTS. This Lease may be executed in several counterparts, each of which shall be deemed an original, and such counterparts shall constitute but one and the same instrument.

(g) SOLE AGREEMENT. This Lease sets forth all the promises, inducements, agreements, conditions and understandings between Landlord and Tenant relative to the Leased Premises, and there are no promises, agreements, conditions or understanding, either oral or written, express or implied between them, other than as herein set forth. except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Landlord or Tenant, unless reduced to writing and signed by the party(ies) to be charged therewith.

(h) SHORT FORM OF LEASE. At the request of either Landlord or Tenant, a short form of Lease for recording purposes only, in form reasonably satisfactory to the Landlord's counsel, shall be executed by Landlord and Tenant and may be recorded by the party requesting the same. In the event such short form of lease is recorded, the Tenant shall pay any and all taxes, filing fees, costs and expenses of such recording whether such taxes, fees or costs if even such costs or fees are ordinarily paid by Landlord.

(i) CAPTIONS. The captions of the several Sections and subsection of this Lease and table of contents are not a part of the context hereof and shall be ignored in construing this Lease. They are intended only as aids in locating various provisions hereof.

(j) SUCCESSORS AND ASSIGNS. Except as may be expressly otherwise provided herein, the terms, covenants and conditions hereof shall inure to the benefit of and shall be binding upon Landlord and its successors and assigns and the terms, covenants and conditions

hereof shall inure to the benefit of and shall be binding upon Tenant and its successors and permitted assigns.

(k) NO MERGER. There shall be no merger of this Lease, or the leasehold estate created by this Lease, with any other estate or interest in the Leased Premises, or any part thereof, by reason of the fact that the same person, firm, corporation or other entity may acquire or own or hold, directly or indirectly, (i) this Lease or the leasehold estate created by this Lease, or any interest in this Lease or in any such leasehold estate, and (ii) any such other estate or interest in the Leased Premises or any part thereof; and no such merger shall occur unless and until all persons, corporations, firms and other entities having an interest (including a security interest) in (i) this Lease or the leasehold estate created by this Lease; and (ii) any such other estate or interest in the Leased Premises, or any part thereof, shall join a written instrument effecting such merger and shall duly record the same.

(l) OWNERSHIP OF LEASED PREMISES. Tenant acknowledged that the Leased Premises are the property of Landlord and that Tenant has only the right to the possession and use thereof upon the terms, covenants and conditions set forth in this Lease.

(m) ENCROACHMENTS, RESTRICTIONS, ETC. If any of the Improvements shall, at any time, encroach upon any property, street or right of way adjoining or adjacent to the Leased Premises, or shall violate the agreements or conditions contained in any restrictive covenant or other agreement affecting the Leased Premises, or any part thereof, or shall hinder or obstruct any easement or right-of-way to which the Leased Premises are subject, or shall impair the rights of others under such easement or right-of-way, then promptly upon the request of the Landlord at the behest of any persons affected by any such encroachment, violation, hindrance, obstruction or impairment, Tenant shall, at its cost and expense, either (i) obtain valid and effective waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, violation, hindrance, obstruction or impairment, whether the same shall affect Landlord or Tenant, or (ii) make such changes in the Improvements and take such other actions as shall be necessary to remove such encroachments, hindrances or obstructions and to end such violations or impairments, including, if necessary, but only with Landlord's prior written consent, the alteration or removal of any of the Improvements. Any such alteration or removal consented to by Landlord shall be made by Tenant in accordance with the requirements of Section 9, above. Tenant's obligations under this subsection 32(o) shall survive the expiration or sooner termination of this Lease.

(n) ACCEPTANCE OF SURRENDER. No surrender to Landlord of this Lease or of the Leased Premises, or any part thereof, or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Landlord and consented to in writing by any and all Mortgagees and Superior Lessors, and no act or omission by Landlord or any representative or agent of Landlord, other than such a written acceptance by Landlord, consented to as aforesaid, shall constitute an acceptance of any such surrender.

(o) CONSENT BY LANDLORD. Wherever in this Lease Landlord agrees not to unreasonably withhold its consent or approval, or words of like import, Tenant agrees that is shall not be unreasonable for Landlord to withhold such consent or approval (i) if by granting such consent or approval Landlord shall be in violation of any Mortgage affecting the Leased

Premises, and (ii) the holder of any such Mortgage shall not give its consent or approval thereto where its consent or approval is required by the terms of its Mortgage.

33. SECURITY DEPOSIT.

Tenant and Landlord hereby acknowledge that $62,110.00 which the Tenant has previously deposited with Landlord as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this Lease shall continue as security. It is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this Lease, including, but not limited to, the payment of the Minimum Rental and additional rent, Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of the Minimum Rental and additional rent or any other sum as to which Tenant is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default in respect of any of the terms, covenants and conditions of this Lease, including but not limited to, and damages or deficiency accrued before or after summary proceedings or other re-entry by Landlord. In the event that Tenant shall fully and faithfully comply with all the terms, provisions, covenants and conditions of this Lease, the security shall be returned to Tenant after the date fixed as the end of the lease and after delivery of entire possession of the Leased Premises to Landlord. In the event of a sale of the Land and Improvements or leasing of the Improvements, Landlord shall have the right to transfer the security to the vendee or lessee and Landlord shall thereupon be released by Tenant from all liability for the return of such security; and Tenant agrees to look to the new Landlord for the return of said security; and it is agreed that the provision hereof shall apply to every transfer or assignment made of the security to a new Landlord. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither Landlord not its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. In the event Landlord applies or retains any portion or all of the security deposited, Tenant shall forthwith restore the amount so applied or retained so that at all times the amount deposited shall be $62,110.00.

34. LANDLORD'S RIGHT TO BUILD ADDITIONAL IMPROVEMENTS.

(a) Notwithstanding any other provisions of this Lease, the Landlord reserves the right to construct additional Improvements on the Land forming part of the. Leased Premises and shall have the right to do so in Landlord's sole and absolute discretion and reserves the right to rent such additional Improvements to the Tenant or such other third parties or otherwise utilize all as Landlord may determine in its sole and absolute discretion. In connection with the construction of any such additional Improvements, Tenant shall afford to the Landlord and its workmen, license to enter upon the Leased Premises for the purpose of doing such work as the Landlord deems necessary to complete the additional Improvements all without any claim for damages or indemnity against the Landlord, or diminution or abatement in rent for any reason including claims for partial eviction. Furthermore, there shall be no liability on the part of the Landlord by reason of inconvenience, annoyance or injury to business arising out of the Landlord making such additional Improvements. After completion of any such additional Improvements, Landlord or any such other authorized occupant thereof shall have the right to enter and fully utilize such premises and shall have access to adequate parking on the Leased Premises as Landlord may determine in its sole and absolute discretion.

(b) (i) For the purposes of this Section, the term "Right of First Refusal Space" shall mean all or any part of the additional Improvements, if and to the extent such space is improved in whole or in part by the Landlord and becomes available for rent by Landlord.

(ii) In the event Landlord intends to lease any Right of First Refusal Space, Landlord shall notify Tenant of the availability or anticipated availability of such Space ("Landlord's Notice") and Landlord shall also advice Tenant of the then current fair market rental value of such space, which shall be based upon the rental rates most recently charged by Landlord for comparable space for a comparable term to the extent same is available, setting forth and taking into account base periods for escalations. Tenant shall thereafter have thirty (30) days from the date of Landlord's Notice to notify Landlord if it shall desire to lease such Right of First Refusal Space ("Tenant's Response"), the time of notification to be of the essence. In the event Tenant elects to lease the Right of First Refusal Space, Landlord and Tenant shall execute a new lease for such space, upon the same terms and conditions as are contained in this Lease except that (i) the Right of First

Refusal Space shall be delivered in its then "as is" condition, and (ii) the Rent shall mean the higher of the (a) then current rental per rentable square foot payable by Tenant pursuant to this Lease (with adjustment) multiplied by the number of square feet in the Right of First Refusal Space or (b) the fair market rental value of the Right of First Refusal Space as determined by Landlord as hereinabove provided. Landlord shall calculate the number of rentable square feet contained in any Right of First Refusal Space in the same manner that it presently calculates the number of rentable square feet. Notwithstanding the foregoing, at the option of either Landlord or Tenant, Landlord and Tenant shall, in lieu of executing a new lease, amend this Lease to add such Right of First Refusal Space upon the terms set forth herein.

(iii) If any Right of First Refusal Space has been offered to Tenant and Tenant either (i) indicates to Landlord that it does not desire to rent such Right of First Refusal Space, or (ii) fails to deliver Tenant's Response within the period hereinabove set forth, Tenant shall have no further rights to lease such Right of First Refusal Space.

(iv) The rent for any Right of First Refusal Space accepted by Tenant shall commence immediately upon the date of delivery of vacant possession of such space to Tenant.

(c) If and when the Landlord completes the additional Improvements and Tenant fails or refuses to exercise its rights to utilize the Right of First Refusal Space, the Landlord agrees that the obligations of the Tenant to pay for Impositions shall be reduced to an amount equal to the amount of Impositions multiplied by a fraction (the "Tenant's Pro Rata Share") when the numerator equals 43,000 and the denominator equals the sum of 43,000 plus the square footage comprising the additional Improvements. Furthermore, the Tenant agrees that it's use of the unimproved areas of the Leased Premises shall be limited to Tenant's Pro Rata Share, as determined by Landlord in Landlord's sole and absolute discretion.

35. NO BROKER.

Each of the parties represent to each other that no broker brought about this Lease and the Tenant indemnifies the Landlord and hold Landlord harmless from and against any claim made

by any broker or person for compensation or commission due or allegedly due in connection with this transaction.

36. DEFINITIONS.

For the purposes of this Lease, the following definitions shall be applicable:

EVENT OF DEFAULT - as defined in Section 19.

GUARANTEE - any agreements or undertakings, written or otherwise, by virtue of which any Guarantors guaranty the performance or observance of any or all of the terms, covenants or conditions to be performed or observed by Tenant under this Lease.

GUARANTOR - any persons, firms or entities who or which guaranty the performance or observance of any or all of the terms, covenants or conditions to be performed or observed by observed by Tenant under this Lease.

IMPOSITIONS - as defined in Section 5(b).

IMPROVEMENTS - as defined in Section 1.

LANDLORD - as defined in Section 24.

LAWS - as defined in Section 2.

LEASE YEAR - Any twelve (12) month period during the term of this Lease commencing on the first day of the first full calendar month of the term of this Lease.

LEASED PREMISES - as defined in Section 1.

MAXIMUM RATE - an annual rate of interest equal to the Prime Rate plus two (2%) percent but in no event in excess of the maximum lawful rate permitted to be charged by a Landlord against a defaulting Tenant for monies advanced by reasons of Tenant's default.

MINIMUM RENTAL - as defined in Section 3.

MORTGAGE - any Mortgage, deed of trust or other security interest now existing or hereafter created on all or any portion of Landlord's interest in this Lease and/or the Leased Premises.

MORTGAGEE - the holder of any Mortgage.

NET AWARD - as defined in Section 12(e).

PERSON-PERSONS - any individual (s), partnership(s), firm(s), corporation(s), business trust(s), estate(s), legal representative(s) or other entities of any nature or description whatsoever.

PLANS AND SPECIFICATION - as defined in Section 9(a) (iv).

PRIME RATE - the highest Prime Rate being published at the time in question by The Wall Street Journal, Eastern Edition.

SUCCESSOR LANDLORD - as defined in Section 14(c).

SUPERIOR LEASE - any lease of all or any portions of the Leased Premises made by and between any persons, firms or entities, as lessor, and any Landlord hereunder, as lessee.

SUPERIOR LESSOR - the Lessor under any Superior Lease.

TAKING DATE - as defined in Section 12(a).

TENANTS CHANGE(S) - as defined in Section 9(a).

TENANT'S PROPERTY - as defined in Section 13.

37. TENANT REPRESENTATIONS.

(a) Tenant is a corporation, duly formed, validly existing and in good standing under the laws of the State of New York. Tenant has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and proposed to be conducted, and to execute, deliver and perform this Lease. Tenant and any Guarantor are now able to meet their respective debts as they mature, the fair market value of their respective assets exceeds their respective liabilities and no bankruptcy or insolvency proceedings are pending against or by or contemplated by the Landlord or any Guarantor. The Tenant and any Guarantor are, to the best of their knowledge, not in default, nor have either of them received any notice of any uncured default, under the terms of any instrument evidencing or securing any indebtedness of the Tenant or any Guarantor, respectively, and there has, to be best of their knowledge,. occurred not event, which, if uncured or uncorrected would constitute a default under any such instrument upon notice or lapse of time or both; provided, however, that with respect to the Guarantor any such default referred to herein shall not be a material default affecting the ability of the Guarantor to comply with its obligations under the Guaranty. All reports, statements and other data furnished by the Tenant and any Guarantor to the Landlord in connection with the Lease are true, correct and complete in all material respects and do not omit to state any fact or circumstance necessary to make the statements contained therein not misleading. This Lease and Guaranty are valid and binding obligations enforceable in accordance with their respective terms.

(b) Tenant will at all times maintain, preserve and keep in full force and effect its existence, good standing, franchises, rights and privileges as an entity under the laws of the State of New York and Mortgagor's right to lease and operate the Leased Premises and to transact business in New York.

38. AMENDED AND RESTATED LEASE.

As of the date hereof, this Lease shall amend and restate in its entirety the terms and conditions of the certain lease originally entered into as of the 20th day of December, 1989 by and between Landlord and Tenant's predecessor-in-interest Enzolabs, Inc., and as subsequently amended by a First Amendment to Lease dated February 1991, a Second Amendment to Lease dated January 1, 1993 and a Third Amendment to Lease

dated January 1, 2000 (collectively, the "ORIGINAL LEASE"), shall supersede, in all respects, the terms and conditions of the Original Lease, and this Lease alone shall govern the rights and obligations of the parties with respect to the Leased Premises.

SIGNATURES ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this instrument under seal as of the day and year first above written.

LANDLORD:

PARI MANAGEMENT CORPORATION

By: _____

TENANT:

ENZO CLINICAL LABS, INC.

By: _____

EXHIBIT "A"

DESCRIPTION

ALL of that certain parcel or parcels of land and the buildings and improvements thereon known and numbered as 60 Executive Boulevard, Farmingdale.

SCHEDULE 1

1. The Minimum Rental during the term of this Lease is $1,161,000.00 per annum payable in monthly installments of $96,750.00 for the period beginning on April 1, 2005.

2. The Minimum Rental reserved in this Lease and payable hereunder shall be adjusted annually on April 1st of each year.

The adjustment for each year shall be equal to the greater of the amounts described in paragraphs A and B below (subject to paragraph 3 below) but in no event shall the adjustment in any given year exceed 3% over the immediately prior year:

A. (a) Definitions: For the purposes of this Schedule, the following definitions shall apply:

(i) The term "Base Year" shall mean April 1, 2005

through March 31, 2006.

(ii) The term "Price Index" shall mean "The Consumer Price Index (All Urban Consumers, New York, N.Y. Northeastern N.J., Long Island) issued by the Bureau of Labor Statistics of the United States Department of Labor.

(iii) The term "Price Index for the Base Year" shall mean the average of the monthly

All Items Price Indexes for each of the 12 months of the Base Year.

(b) Effective as of each April subsequent to the Base Year, there shall be made a cost of living adjustment of the Minimum Rental payable hereunder. The annual adjustment shall be based on the percentage difference between the Price Index for the preceding month of March and the Price Index for the Base Year. In the event the Price Index for March in any calendar year during the term of this Lease reflects an increase over the Price Index for the Base Year, then $1,161,000.00 shall be multiplied by the percentage difference between the Price Index for the immediately preceding March and the Price Index for the Base Year and the

resulting sum shall be added to $1,161,000.00 effective as of such April 1st. Said adjusted Minimum Rental shall thereafter be payable hereunder in equal monthly installments until it is readjusted pursuant to the terms of the Lease.

The following illustrates the intentions of the parties hereto as to the computations of the aforementioned cost of living adjustment in the annual rent payable hereunder:

Assuming that said fixed annual rent is $10,000.00 that the Price Index for the Base Year was 102.0 and that the Price Index for the month of March in a calendar year following the Base Year was 105.0, then the percentage increase thus reflected, i.e., 2.941% (3.0/102.0) would be multiplied by $10,000.00 and said fixed annual rent would be increased by $294.10 effective as of April 1st of said calendar year.

In the event that the Price Index ceases to use 1982-1984 as the basis of calculation or if a substantial change is made in the terms or number of items contained in the Price Index, then the Price Index shall be adjusted to the figure that would have been arrived at had the manner of computing the Price Index in effect at the date of this Lease not been altered. In the event such Price Index (or a successor or substitute index) is not available, the Landlord shall select a reliable governmental or other nonpartisan publication evaluating the information theretofore used in determining the Price Index which shall be used.

No adjustments or recomputations, retroactive or otherwise, shall be made due to any revision which may later be made in the first published figure for any month.

(c) Landlord will cause statements of the cost of living adjustments provided for in subdivision (b) to be prepared in reasonable detail and delivered to Tenant.

(d) In no event shall the Minimum Rental originally provided to be paid under this Lease (exclusive of the adjustments under this Article) be reduced, by virtue of this Schedule.

(e) Any delay or failure of Landlord, beyond April of any year, in computing or billing for the rent adjustments hereinabove provided, shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such rent adjustments hereunder.

(f) Notwithstanding any expiration or termination of this Lease prior to the Lease Termination Date (except in the case of a cancellation by mutual agreement) Tenant's obligation to pay rent as adjusted under this Schedule shall continue and shall cover all periods up to the Lease Termination Date, and shall survive any expiration or termination of this Lease; or

B. The amount of the immediate prior years adjusted Minimum Rental multiplied by 1.03.

3. In no event shall the adjustment from the immediate prior years' adjusted Minimum Rent exceed 3%.

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Forms S-3, No. 333-15533, 33-58736, 33-60229, 33-78760, 33-72170, 33-68542) and (Forms S-8 No. 33-45348, 33-75466, 33-88826, 333-87153, 333-89308 and 333-123712) of Enzo Biochem, Inc. and in the related Prospectus of our report dated October 12, 2005, with respect to the consolidated financial statements and schedule of Enzo Biochem, Inc. , Enzo Biochem, Inc.'s management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Enzo Biochem, Inc. included in this Annual Report (Form 10-K) for the fiscal year ended July 31, 2005.

/s/ Ernst & Young LLP

Melville, New York
October 12, 2005

EXHIBIT 31 (a)

CERTIFICATIONS

In connection with the Annual Report on Form 10-K of Enzo Biochem, Inc. ("the Company") for the fiscal year ended July 31, 2005 as filed with the Securities and Exchange Commission on the date hereof, I, Elazar Rabbani, Ph.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 302 of the Sarbanes-Oxley Act of 2002, that:

1. I have reviewed this Annual Report on Form 10-K of Enzo Biochem, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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 principals;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: October 14, 2005

By: /s/ Elazar Rabbani, Ph.D.

Elazar Rabbani, Ph.D.
Chief Executive Officer

EXHIBIT 31 (b)

CERTIFICATIONS

In connection with the Annual Report on Form 10-K of Enzo Biochem, Inc. ("the Company") for the fiscal year ended July 31, 2005 as filed with the Securities and Exchange Commission on the date hereof, I, Barry Weiner, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 302 of the Sarbanes-Oxley Act of 2002, that:

1. I have reviewed this Annual Report on Form 10-K of Enzo Biochem, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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 principals;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: October 14, 2005

By: /s/ Barry Weiner

Barry Weiner
Chief Financial Officer

EXHIBIT 32 (a)

CERTIFICATE PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Enzo Biochem, Inc., and Subsidiaries ("the Company") on Form 10-K for the fiscal year ended July 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Elazar Rabbani, Ph.D., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 14, 2005

By: /s/ Elazar Rabbani, Ph.D.

Elazar Rabbani, Ph.D.
Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Act Commission or its staff upon request.

EXHIBIT 32 (b)

CERTIFICATE PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Enzo Biochem, Inc., and Subsidiaries ("the Company") on Form 10-K for the fiscal year ended July 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barry Weiner., Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 14, 2005

By: /s/ Barry Weiner

Barry Weiner
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Act Commission or its staff upon request.