

BIOCLINICA INC

FORM 10-Q (Quarterly Report)

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United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2009

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 No. 001-11182

BIOCLINICA, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

11-2872047

(I.R.S. Employer Identification No.)

826 Newtown-Yardley Road, Newtown, Pennsylvania 18940-1721

(Address of Principal Executive Offices) (Zip Code)

(267) 757-3000

(Registrant's Telephone Number, Including Area Code)

BIO-IMAGING TECHNOLOGIES, INC.

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes: No:

Indicate by check mark if the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes: No:

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes: No:

State the number of shares outstanding of each of the registrant's classes of common stock, as of July 31, 2009:

Class

Common Stock, \$0.00025 par value

Number of Shares

14,358,836



BIOCLINICA, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION .

Item 1. Financial Statements.

On July 8, 2009, our shareholders approved an amendment to our Certificate of Incorporation, as amended, to change our name from Bio-Imaging Technologies, Inc. to BioClinica, Inc.

References in this Quarterly Report on Form 10-Q to “BioClinica,” “we,” “us,” or “our” refer to BioClinica, Inc., a Delaware corporation, and its subsidiaries.

Certain information and footnote disclosures required under generally accepted accounting principles (GAAP) in the United States of America have been condensed or omitted from the following consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission, although we believe that such financial disclosures are adequate so that the information presented is not misleading in any material respect. The following consolidated financial statements should be read in conjunction with the year-end consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

The results of operations for the interim periods presented in this Quarterly Report on Form 10-Q are not necessarily indicative of the results to be expected for the entire fiscal year.

BIOCLINICA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except share data)	June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$14,614	\$ 14,265
Accounts receivable, net	9,119	11,982
Prepaid expenses and other current assets	2,102	2,315
Assets held for sale	—	500
Deferred income taxes	2,756	3,084
Total current assets	28,591	32,146
Property and equipment, net	7,492	7,022
Intangibles, net	1,827	2,058
Goodwill	27,391	27,391
Other assets	481	591
Total assets	\$65,782	\$ 69,208
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 2,121	\$ 3,832
Accrued expenses and other current liabilities	4,280	5,236
Deferred revenue	12,554	15,106
Current maturities of capital lease obligations	29	54
Total current liabilities	18,984	24,228
Long-term capital lease obligations	57	65
Deferred income tax	1,104	927
Other liabilities	609	576
Total liabilities	20,754	25,796
Stockholders' equity:		
Preferred stock — \$0.00025 par value; authorized 3,000,000 shares, issued and outstanding 0 shares at June 30, 2009 and December 31, 2008	—	—
Common stock — \$0.00025 par value; authorized 18,000,000 shares, issued and outstanding 14,357,253 shares at June 30, 2009 and 14,341,403 shares at December 31, 2008	4	4
Additional paid-in capital	42,638	42,270
Retained earnings	2,395	1,080
Accumulated other comprehensive income (loss)	(9)	58
Total stockholders' equity	45,028	43,412
Total liabilities and stockholders' equity	\$65,782	\$ 69,208

See Notes to Consolidated Financial Statements

BIOCLINICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(in thousands, except per share data)	For the Three Months Ended June 30,	
	2009	2008
Service revenues	\$ 13,921	\$ 15,109
Reimbursement revenues	<u>3,142</u>	<u>4,073</u>
Total revenues	<u>17,063</u>	<u>19,182</u>
Cost and expenses:		
Cost of service revenues	8,608	8,595
Cost of reimbursement revenues	3,142	4,073
Sales and marketing expenses	2,166	2,229
General and administrative expenses	1,867	1,900
Amortization of intangible assets related to acquisitions	112	133
Restructuring charges	<u>466</u>	<u>—</u>
Total cost and expenses	<u>16,361</u>	<u>16,930</u>
Income from continuing operations before interest and taxes	<u>702</u>	<u>2,252</u>
Interest income	10	101
Interest expense	(3)	(3)
Income tax provision	<u>(180)</u>	<u>(887)</u>
Income from continuing operation, net of taxes	\$ 529	\$ 1,463
Loss from discontinued operations, net of taxes	<u>—</u>	<u>(402)</u>
Net income	<u>\$ 529</u>	<u>\$ 1,061</u>
Basic earnings per share:		
Income from continuing operations	<u>\$ 0.04</u>	<u>\$ 0.10</u>
Loss from discontinued operations	<u>—</u>	<u>(0.03)</u>
Net income	<u>\$ 0.04</u>	<u>\$ 0.07</u>
Diluted earnings per share:		
Income from continuing operations	<u>\$ 0.04</u>	<u>\$ 0.10</u>
Loss from discontinued operations	<u>—</u>	<u>(0.03)</u>
Net income	<u>\$ 0.04</u>	<u>\$ 0.07</u>
Weighted average shares used to calculate earnings per share:		
Basic	<u>14,356</u>	<u>14,279</u>
Diluted	<u>15,118</u>	<u>15,168</u>

See Notes to Consolidated Financial Statements

BIOCLINICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(in thousands, except per share data)	For the Six Months Ended June 30,	
	2009	2008
Service revenues	\$ 28,396	\$ 26,132
Reimbursement revenues	<u>5,737</u>	<u>7,150</u>
Total revenues	<u>34,133</u>	<u>33,282</u>
Cost and expenses:		
Cost of service revenues	17,669	14,938
Cost of reimbursement revenues	5,737	7,150
Sales and marketing expenses	4,322	3,697
General and administrative expenses	3,784	3,439
Amortization of intangible assets related to acquisitions	231	157
Restructuring charges	<u>466</u>	<u>—</u>
Total cost and expenses	<u>32,209</u>	<u>29,381</u>
Income from continuing operations before interest and taxes	<u>1,924</u>	<u>3,901</u>
Interest income	32	254
Interest expense	(5)	(3)
Income tax provision	<u>(636)</u>	<u>(1,553)</u>
Income from continuing operation, net of taxes	\$ 1,315	\$ 2,599
Loss from discontinued operations, net of taxes	<u>—</u>	<u>(715)</u>
Net income	<u>\$ 1,315</u>	<u>\$ 1,884</u>
Basic earnings per share:		
Income from continuing operations	<u>\$ 0.09</u>	<u>\$ 0.19</u>
Loss from discontinued operations	<u>—</u>	<u>(0.05)</u>
Net income	<u>\$ 0.09</u>	<u>\$ 0.14</u>
Diluted earnings per share:		
Income from continuing operations	<u>\$ 0.09</u>	<u>\$ 0.18</u>
Loss from discontinued operations	<u>—</u>	<u>(0.05)</u>
Net income	<u>\$ 0.09</u>	<u>\$ 0.13</u>
Weighted average shares used to calculate earnings per share:		
Basic	<u>14,341</u>	<u>13,157</u>
Diluted	<u>15,101</u>	<u>14,114</u>

See Notes to Consolidated Financial Statements

BIOCLINICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)	For the Six Months Ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net income	\$ 1,315	\$ 1,884
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition:		
Depreciation and amortization	1,322	1,709
Provision (benefit) for deferred income taxes	544	(258)
Bad debt expense (recovery)	84	(29)
Stock based compensation expense	368	250
Loss from discontinued operations	—	445
Changes in operating assets and liabilities, net of acquisitions:		
Decrease in accounts receivable	2,772	766
Decrease (increase) in prepaid expenses and other current assets	208	(203)
Decrease (increase) in other assets	108	(24)
(Decrease) increase in accounts payable	(1,734)	626
(Decrease) increase in accrued expenses and other current liabilities	(1,013)	1,098
(Decrease) increase in deferred revenue	(2,546)	987
Increase in other liabilities	28	24
Decrease in net assets held for sale	—	313
Cash provided by activities from continuing operations	\$ 1,448	\$ 7,588
Cash used by discontinued operations	—	(758)
Net cash provided by operating activities	\$ 1,448	\$ 6,830
Cash flows from investing activities:		
Purchases of property and equipment	(1,567)	(1,765)
Net cash received for sale of assets of discontinued operations	500	—
Net cash paid for acquisition	—	(8,193)
Net cash used in investing activities from continuing operations	\$ (1,067)	\$ (9,958)
Purchase of plant, property, equipment for discontinued operations	—	(240)
Net cash provided used in investing activities	\$ (1,067)	\$ (10,198)
Cash flows from financing activities:		
Payments under equipment lease obligations	(33)	(111)
Excess tax benefit related to stock options	—	50
Proceeds from exercise of stock options	3	352
Net cash (used in) provided by financing activities from continuing operations	\$ (30)	\$ 291
Effect of exchange rate changes on cash	(2)	209
Net increase (decrease) in cash and cash equivalents	\$ 349	\$ (2,868)
Cash and cash equivalents at beginning of period	\$ 14,265	\$ 17,915
Cash and cash equivalents at end of period	\$ 14,614	\$ 15,047

BIOCLINICA, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)	For the Six Months Ended June 30,	
	2009	2008
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	\$ 5	\$ 3
Cash paid during the period for income taxes	\$ 72	\$ 1,050
Schedule of non cash investing and financing activities:		
Increase in property, plant and equipment acquisitions in accounts payable	\$ 11	\$ 22
Acquired business:		
Accounts receivable	\$ —	\$ 4,926
Prepaid and other current assets	—	258
Property and equipment	—	741
Other assets	—	37
Intangible assets and goodwill	—	23,871
Current liabilities assumed	—	(1,062)
Other liabilities assumed	—	(4,474)
Common stock issued	—	(16,104)
Cash paid for acquired business, net of cash acquired for the six months ended June 30, 2008 of \$418	\$ —	\$ 8,193
STATEMENT OF COMPREHENSIVE INCOME:		
Net income	\$ 1,315	\$ 1,884
Equity adjustment from foreign currency translation	(67)	111
Total comprehensive income	\$ 1,248	\$ 1,995

See Notes to Consolidated Financial Statements

BIOCLINICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1 — Interim Financial Statements

Basis of Presentation.

On July 8, 2009, our shareholders approved an amendment to our Certificate of Incorporation, as amended, to change our name from Bio-Imaging Technologies, Inc. to BioClinica, Inc.

The financial statements included in this Quarterly Report on Form 10-Q have been prepared by us, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP in the United States of America have been condensed or omitted pursuant to such rules and regulations. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2008.

In the opinion of management, the accompanying consolidated financial statements contain all adjustments, consisting solely of those which are of a normal recurring nature, necessary for a fair statement of the results for the interim periods.

Interim results are not necessarily indicative of results for the full fiscal year.

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 financial statement presentation. We have reclassified the amortization of intangible assets related to acquisitions as a separate component of the consolidated statements of income.

The Balance Sheet at December 31, 2008 includes Phoenix Data Systems, Inc., a Pennsylvania corporation, hereinafter referred to as PDS, due to the acquisition of PDS by BioClinica on March 24, 2008. The Consolidated Statement of Income for the six months ended June 30, 2008 excludes the financial results of PDS from the acquisition date of March 24, 2008 through March 31, 2008 due to the immateriality of PDS's results of operations for that period.

BIOCLINICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Functional Currency.

The functional currency for our French and Netherlands operations is the Euro based on our initial and periodic evaluations of economic factors as set forth in Financial Accounting Standards Board (FASB) Statement No. 52, "Foreign Currency Translation" (SFAS 52).

Note 2 — Restructuring charges

In the second quarter of 2009, in order to streamline the operations and reduce costs, Management decided to eliminate certain positions and consolidate redundant departments. This resulted in restructuring charges of \$466,000 consisting of \$439,000 in employee severance and \$27,000 in other close down costs.

The Company has paid \$55,000 of the restructuring cost as of June 30, 2009 and \$411,000 remaining to be paid is included in Accrued Expense and Other Current Liabilities on the Consolidated Balance Sheet. The \$411,000 remaining to be paid of the restructuring cost primarily consists of the severance to employees and will all be paid out by December 31, 2009. The Company expects to realize an annual savings of \$1.6 million from the restructuring.

Note 3 — Stockholders' Equity Rollforward

The following summarizes the activity of the stockholders' equity accounts for the period from December 31, 2008 through June 30, 2009:

(in thousands)	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income	Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2008	14,341	\$ 4	\$ 42,270	\$ 1,080	\$ 58	\$ 43,412
Stock options exercised	1	—	3	—	—	3
Restricted shares issued	15	—	(31)	—	—	(31)
Stock based compensation	—	—	396	—	—	396
Equity adjustment from foreign currency translation	—	—	—	—	(67)	(67)
Net income	—	—	—	1,315	—	1,315
Balance at June 30, 2009	14,357	\$ 4	\$ 42,638	\$ 2,395	\$ (9)	\$ 45,028

Note 4 — Earnings Per Share

Basic income per common share for the three and six months ended June 30, 2009 and 2008 was calculated based upon net income divided by the weighted average number of shares of our common stock outstanding during the period. Diluted income per share for the three and six months ended June 30, 2009 and 2008 was calculated based upon net income divided by the weighted average number of shares of our common stock outstanding during the period, adjusted for dilutive securities using the treasury method.

BIOCLINICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The computation of basic income per common share and diluted income per common share was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net income — basic and diluted	\$ 529	\$ 1,884	\$ 1,315	\$ 1,061
Denominator — basic:				
Weighted average number of common shares	14,357	13,157	14,341	14,279
Basic income per common share	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.09</u>	<u>\$ 0.07</u>
Denominator — diluted:				
Weighted average number of common shares	14,357	13,157	14,341	14,279
Common share equivalents of outstanding stock options	487	774	470	705
Common share equivalents of unrecognized compensation expense	274	183	290	184
Weighted average number of dilutive common equity shares	<u>15,118</u>	<u>14,114</u>	<u>15,101</u>	<u>15,168</u>
Diluted income per common share	<u>\$ 0.04</u>	<u>\$ 0.13</u>	<u>\$ 0.09</u>	<u>\$ 0.07</u>

Options to purchase 628,000 and 311,000 shares of our common stock respectively, had been excluded from the calculation of diluted earnings per common share for the six months ended June 30, 2009 and June 30, 2008, respectively, as they were all antidilutive. Options to purchase 628,000 and 318,000 shares of our common stock respectively, had been excluded from the calculation of diluted earnings per common share for the three months ended June 30, 2009 and June 30, 2008, respectively, as they were all antidilutive.

Note 5 — Commitments and Contingencies

On March 4, 2009, the Company entered into an employment agreement with its President and Chief Executive Officer effective March 1, 2009 and expires on February 28, 2012. In addition, the Company has employment agreements with both its Chief Financial Officer and the President of its eClinical division. The Chief Financial Officer's agreement expires February 23, 2010 and is renewable on an annual basis. The President of eClinical division's agreement expires September 30, 2009 and is

BIOCLINICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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renewable on an annual basis. The aggregate amount due from January 1, 2009 through the expiration under these agreements was \$1,209,156.

Note 6 — Accounts Receivable and Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts on a specific identification method for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of our customers' ability to make payments, additional allowances may be required. We do not have any off-balance-sheet credit exposure related to our customers, and the trade accounts receivable do not bear interest.

(in thousands)	June 30, 2009	December 31, 2008
Billed trade accounts receivable	\$ 8,513	\$ 10,091
Unbilled trade accounts receivable	584	1,863
Other	22	28
Total Receivables	\$ 9,119	\$ 11,982
Allowance Rollforward (in thousands):		
Balance at January 1, 2009	\$ 11	
Additions	95	
Write offs and Recoveries	(106)	
Balance at June 30, 2009	\$ 0	

Note 7 — Income Taxes

The Company records a valuation allowance to reduce its deferred tax assets to an amount that is more likely than not to be realized. In assessing the need for the valuation allowance, the Company considers future taxable income and on-going prudent and feasible tax planning strategies. In the event that the Company was to determine that, in the future, they would be able to realize the deferred tax assets in excess of its net recorded amount, an adjustment to the deferred tax asset would be made, thereby increasing net income in the period such determination was made. Likewise, should the Company determine that it is more likely than not that it will be unable to realize all or part of the net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged, thereby decreasing net income in the period such determination was made.

The Company has accumulated tax losses, which include allowable deductions related to exercised employee stock options, generating federal net operating loss (NOL) credit carryforwards of \$1.1 million as of June 30, 2009. These losses will expire, if unused, in the years 2009 through 2022. Under limitations imposed by Internal Revenue Code Section 382, certain potential changes in ownership of the Company, which may be outside the Company's knowledge or control, may restrict future utilization of these NOL credit carryforwards. GAAP requires that the Company establish a valuation allowance for any portion of its deferred tax assets for which management believes that it is more likely than not the Company will be unable to utilize the asset to offset future taxes. The Company will

BIOCLINICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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continue to evaluate the potential use of its deferred tax assets and the need for a valuation allowance by considering future taxable income and on-going prudent and feasible tax planning strategies. Subsequent revisions to the estimated realizable value of the deferred tax assets could cause the provision for income taxes to vary significantly from period to period, although the cash tax payments would remain unaffected until the NOL credit carryforward is fully utilized or has expired. Our deferred tax assets are primarily comprised of the temporary book to tax differences related to deferred revenue.

The Company recognizes contingent liabilities for any tax related exposures when those exposures are reasonably possible.

For the six months ended June 30, 2009 and 2008, the tax benefit of the stock option deductions recorded to additional paid in capital was \$0 and \$50,000, respectively.

The Company has not provided for U.S. federal income and foreign withholding taxes on approximately \$2.9 million of undistributed earnings from its non-U.S. operations as of June 30, 2009 because such earnings are intended to be reinvested indefinitely outside of the United States.

We apply FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 prescribes a recognition threshold that a tax position is required to meet before being recognized in the financial statements.

There were no material unrecognized tax benefits as of June 30, 2009 and December 31, 2008. We do not expect the unrecognized tax benefit to materially change during the next 12 months. Any interest and penalties incurred on settlements of outstanding tax positions would be recorded as a component of tax expense. We file our tax returns as prescribed by the tax laws of the jurisdictions in which we operate. Our federal tax returns for years 2005 through 2007 are subject to examination. Our state taxes for years 2000 through 2007 are subject to examination. Our foreign taxes for years 2002 through 2006 are subject to examination by the respective authorities.

Note 8 — Acquisition

On March 24, 2008, BioClinica acquired Phoenix Data Systems, Inc. ("PDS") to expand our pharmaceutical services in the area of electronic data capture and other eClinical data solutions to our clients (the "Acquisition"). The Acquisition was made pursuant to an Agreement and Plan of Merger (the "PDS Merger Agreement"), dated March 24, 2008, by and among the Company, BioClinica Acquisition Corporation, a Pennsylvania corporation and wholly-owned subsidiary of the Company ("Merger Sub"), and PDS and its Stockholders' Representative. Pursuant to the terms of the PDS Merger Agreement, PDS merged with and into Merger Sub. Following the consummation of the Acquisition, PDS ceased to exist and Merger Sub became a wholly-owned subsidiary of the Company. In connection with the Acquisition, the Company also entered into employment agreements with members of the senior management team of PDS. However, none of these individuals are executive officers of the Company.

Under the terms of the PDS Merger Agreement, the Company acquired all of PDS's outstanding capital stock. The total consideration paid by the Company to the PDS stockholders was \$23.9 million, comprised of \$6.9 million in cash and 2.3 million shares of common stock, par value \$0.00025 per share,

BIOCLINICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

of the Company, with an average closing price per share over the last 30 trading days ending and including March 19, 2008 of \$7.42. The aggregate purchase price was subject to a post-closing adjustment based on the Tangible Net Worth (as defined in the PDS Merger Agreement) of PDS on the Closing Date (as defined in the PDS Merger Agreement). Pursuant to the terms of the PDS Merger Agreement, five percent of the aggregate consideration was held in escrow for the finalization of the Closing Tangible Net Worth Statement (as defined in the PDS Merger Agreement). On June 13, 2008, BioClinica and the Stockholders' Representative agreed to a decrease of \$230,000 to the purchase price due to the minimum threshold to the Closing Tangible Net Worth Statement not being achieved. BioClinica received \$64,000 in cash back in June 2008 and 22,453 shares of our common stock back in July 2008 from the purchase price escrow. Additionally, ten percent of the aggregate consideration was to be held in escrow to cover any potential indemnification claims under the PDS Merger Agreement for a period ending no later than March 31, 2009. There were no indemnification claims and this amount was paid to the stockholders in April 2009. We also incurred approximately \$1.1 million in Acquisition costs. At the Acquisition date, the stock was recorded at an average price of \$7.04 per share.

In connection with the Acquisition, the stockholders of PDS entered into various agreements. The stockholders of PDS executed stockholders' agreements, whereby each stockholder agreed, among other things, to approve the Acquisition and not to compete in the business area occupied by PDS at the time of the Acquisition for a reasonable period of time. All stockholders executed lockup agreements, whereby all stockholders agreed not to directly or indirectly sell, or otherwise dispose of any shares of the Company's common stock received pursuant to the PDS Merger Agreement for a period of 180 days after the Closing Date (the "Initial Lockup Period Date"), and certain additional stockholders agreed not to directly or indirectly offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of 67% of the shares of the Company's common stock received pursuant to the PDS Merger Agreement for a period beginning on the Initial Lockup Period Date and continuing to and including the date of the first anniversary of the Closing Date.

The following table summarizes the final allocation of the total cost of the PDS acquisition to the assets acquired and the liabilities assumed.

(in thousands)

Net Working Capital	\$ 701
Fixed Assets	721
Other Assets	46
Other Liabilities	(175)
Deferred Tax Liability	(854)
Software	552
Trademark	48
Customer Backlog	730
Customer Relationships	665
Non-Compete Agreements	138
Goodwill, including Workforce	21,366
Total Purchase Price	<u>\$ 23,938</u>

The results of operations of PDS from the acquisition date, March 24, 2008 to March 31, 2008 were immaterial; therefore, the Company did not include the results of operations for those eight days in the Consolidated Statement of Income for the twelve months ended December 31, 2008.

BIOCLINICA, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Pro Forma Results. The following schedule includes consolidated statements of income data for the unaudited pro forma results for the six months ended June 30, 2008 as if the Acquisition had occurred as of the beginning of the period presented after giving effect to certain adjustments. The pro forma results for the six months ended June, 30, 2008 include \$789,000 of Acquisition costs incurred by PDS. The unaudited pro forma information is provided for illustrative purposes only and is not indicative of the results of operations or financial condition that would have been achieved if the Acquisition would have taken place at the beginning of the period presented and should not be taken as indicative of our future consolidated results of operations or financial condition. Pro forma adjustments are tax-effected at our effective tax rate.

(in thousands)	Six Months Ended June 30, 2008
Total revenue	\$37,983
Income from continuing operations before interest and taxes	2,057
Income from continuing operations, net of taxes	1,378
Basic earnings per share:	
Income from continuing operations	\$ 0.10
Diluted earnings per share:	
Income from continuing operations	\$ 0.09

In the second quarter of 2009, as a result of a potential acquisition which was terminated, we incurred \$734,000 of acquisition related costs and received \$750,000, comprised of a \$500,000 break-up fee and \$250,000 expense reimbursement, from the target company, resulting in a \$16,000 gain on the transaction.

Note 9 — Discontinued Operations and Assets Held for Sale

In the fourth quarter of 2008, the Company classified its interest in the CapMed business as held for sale. On January 6, 2009, pursuant to the Asset Purchase Agreement by and among the Company and MBI Benefits, Inc. (the “Purchaser”), an indirectly owned subsidiary of Metavante Technologies, Inc. (“Metavante”), dated as of January 6, 2009 (the “Agreement”), the Company sold its CapMed Division, including the division’s Personal Health Record (“PHR”) software and the patent-pending Personal HealthKey™ technology, to Metavante. Under the terms of the Agreement, Metavante paid the Company an upfront payment of five hundred thousand dollars (\$500,000) in cash and will make an earn-out payment to the Company based upon a percentage of the gross revenues recognized by Metavante for contracts entered into with certain “prospects” set forth on a schedule during certain time periods in 2009 and 2010. The Company will receive 25% of the gross revenues recognized by Metavante during any period ending on or prior to December 31, 2010 from the sale pursuant to any contract the Purchaser entered into with certain “prospects” during the first six months of 2009. Additionally, the Company will receive 15% of the gross revenues recognized by Metavante during any period ending on or prior to December 31, 2010 from the sale pursuant to any contract the Purchaser enters into with certain

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“prospects” during the period commencing on July 1, 2009 and ending on December 31, 2010. There were no earn out payments made during the six months ended June 30, 2009.

As a result of the sale, the results of the CapMed operations, which had previously been presented as a separate reporting segment, are included in discontinued operations in the Company’s consolidated statements of operations. In addition, any assets and liabilities related to these discontinued operations are presented separately on the consolidated balance sheets, and any cash flows related to these discontinued operations are presented separately in the consolidated statements of cash flows. All prior period information has been reclassified to be consistent with the current period presentation. As of June 30, 2009, there were no assets or liabilities related to this discontinued operation.

Our exit of the CapMed business resulted, in part, from our strategy to exit non-strategic businesses. The following amounts related to the CapMed operations were derived from historical financial information and have been segregated from continuing operations and reported in discontinued operations:

	Six Months Ended June 30, 2008
Service revenues	\$ 251
Costs and expenses	1,393
Loss from impairment	<u>—</u>
Pretax loss	(1,142)
Benefit from income taxes	427
Net loss from discontinued operations	<u>\$ (715)</u>

The following is a summary of the assets and liabilities of the CapMed discontinued operations as of December 31, 2008. The amounts presented below were derived from historical financial information and adjusted to exclude intercompany receivables and payables between CapMed discontinued operations and the Company (in thousands):

Current Assets	27
Fixed Assets	1,257
Net Assets	<u>\$ 1,284</u>

The company recognized a pretax loss of \$5.0 million (\$3.0 million, net of income taxes), which was recognized in the fourth quarter of 2008.

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Note 10 — Intangible Assets

At June 30, 2009 the composition of intangible assets were as follows:

(in thousands)	<u>June 30, 2009</u>	<u>Estimated Useful Life</u>
Amortized intangible assets:		
Technology	\$ 843	5 years
Trademarks	48	5 years
Customer backlog	1,612	3 to 7 years
Non-competition agreement	<u>349</u>	2 to 3 years
	2,852	
Accumulated amortization	<u>(1,025)</u>	
	<u>\$ 1,827</u>	

Unamortized intangible assets:

Goodwill	<u>\$ 27,391</u>
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Estimated future amortization of the intangible assets is as follows:

	<u>Fiscal years ending</u>
2009	\$ 225
2010	423
2011	379
2012	324
2013	227
Thereafter	<u>249</u>
	<u>\$ 1,827</u>

Note 11 — Subsequent Events

Management evaluated all activity of BioClinica through August 6, 2009 (the issue date of the Financial Statements) and concluded that no subsequent events have occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

On July 8, 2009, our shareholders approved an amendment to our Certificate of Incorporation, as amended, to change our name from Bio-Imaging Technologies, Inc. to BioClinica, Inc.

BioClinica, Inc. is a global clinical trials service organization, providing medical image management and eClinical services, including electronic data capture and clinical data management solutions, to pharmaceutical, biotechnology, medical device companies and other organizations, including contract research organizations (CROs), engaged in clinical trials.

Our medical image management services assist our clients in the design and management of the medical imaging component of clinical trials. We have developed specialized services and proprietary software applications that enable independent radiologists and other medical specialists involved in clinical trials to review medical image data in an entirely digital format and make highly precise measurements and biostatistical inferences to evaluate the efficacy and safety of pharmaceuticals, biologics or medical devices. Medical imaging is used for clinical development of therapeutic modalities for use in oncology, disorders of the musculoskeletal, central nervous, cardiovascular systems, and in a variety of other disease categories.

Our core laboratory imaging services include the collection, processing, analysis and regulatory submission of medical images and related clinical data. Medical images are received from a wide variety of imaging modalities including computerized tomography (CT), magnetic resonance imaging (MRI), radiography, dual energy x-ray absorptiometry (DXA/DEXA), positron emission tomography (PET), single photon emission computerized tomography (SPECT), quantitative coronary angiography (QCA), cardiac MRI and CT, intravascular ultrasound (IVUS), peripheral quantitative angiography (QVA), central nervous system (CNS) MRI and ultrasound. The resulting data enables our clients and regulatory reviewers, primarily the U.S. Food and Drug Administration and comparable European agencies, to evaluate product efficacy and safety.

On March 24, 2008, we completed the acquisition of Phoenix Data Systems, referred to herein as PDS, a provider of electronic data capture (EDC) services offering a comprehensive array of eClinical data solutions to the pharmaceutical and biotechnology industries. PDS is engaged in providing full service EDC, a combination of electronic data capture, interactive voice response, reporting and data management solutions and is focused on making the process of collecting and analyzing data from clinical trials faster, easier and more reliable.

Our eClinical services offer a variety of customizable proprietary software solutions that enhance pharmaceutical and biotech companies' ability to process and store clinical data through the use of customized proprietary software and hosting service. This technology improves data quality and allows our sponsors to see the results of their clinical trials faster and more accurately than with conventional paper-based methods.

Our sales cycle, referring to the period from the presentation by us to a potential client to the engagement of us by such client, has historically ranged from three to 12 months. In addition, the contracts under which we perform services typically cover a period of three to 60 months and the volume and type of services performed by us generally vary during the course of a project. We cannot assure you that our project revenues will be at levels sufficient to maintain profitability.

Our contracted/committed backlog, referred to as backlog, is the expected service revenue that remains to be earned and recognized on both signed and verbally agreed to contracts. Our backlog as of June 30, 2009, which includes our medical image management and eClinical services, was \$94.1 million compared to \$93.3 million at March 31, 2009 and \$115.8 million at June 30, 2008.

Contracts included in backlog are subject to termination by our clients at any time. In the event that a contract is cancelled by the client, we would be entitled to receive payment for all services performed up to the cancellation date. The duration of the projects included in our backlog range from less than three months to seven years. We do not believe that backlog is a reliable predictor of future results because service revenues may be incurred in a given period on contracts that were not included in the previous reporting period's backlog and/or contract cancellations or project delays may occur in a given period on contracts that were included in the previous reporting period's backlog.

We believe that the short-term market for our services has been adversely impacted by pharmaceutical companies' response to overall economic conditions, resulting in some contract decisions being delayed and major projects being split into smaller components as part of a revised budgetary approval process. On a long term basis, we believe that the recognition within the bio-pharmaceutical industry of the operational efficiency and scalable reliability of using an independent centralized core laboratory for analysis of medical-imaging data and compliance with the regulatory demands for the submission of such data will continue to drive demand for our services. We also believe that rapidly growing recognition of the inherent advantages of eClinical/EDC technology to standardize and accelerate reliable data flow from the clinical trial sites to the clinical trial sponsor will further drive the adoption and growth of our eClinical service offerings. We believe our eClinical services favorably compare to the traditional process of manual data collection on paper case report forms that are more susceptible to transcription and other data entry errors.

Forward Looking Statements

Certain matters discussed in this Form 10-Q are "forward-looking statements" intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may be identified by, among other things, the use of forward-looking terminology such as "believes", "expects", "may", "will", "should" or "anticipates" or the negative thereof or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. In particular, our statements regarding: our projected financial results; the demand for our services and technologies; growing recognition for the use of independent centralized core laboratories; trends toward the outsourcing of imaging services in clinical trials; realized return from our marketing efforts; increased use of digital medical images in clinical trials; integration of our acquired companies and businesses; expansion into new business segments; the success of any potential acquisitions and the integration of current acquisitions; and the level of our backlog are examples of such forward-looking statements. The forward-looking statements include risks and uncertainties, including, but not limited to, the timing of revenues due to the variability in size, scope and duration of projects, estimates made by management with respect to our critical accounting policies, regulatory delays, clinical study results which lead to reductions or cancellations of projects, and other factors, including general economic conditions and regulatory developments, not within our control. The factors discussed in this Form 10-Q and expressed from time to time in our filings with the SEC, as well as the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2008, could cause actual results and developments to be materially different from those expressed in or implied by such statements. The forward-looking statements are made only as of the date of this filing, and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Recent Accounting Pronouncements

On June 30, 2009, BioClinica adopted Statement of Financial Accounting Standards (SFAS) No. 165, "Subsequent Events," (SFAS 165). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. Specifically, SFAS 165 sets forth the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The adoption of SFAS 165 had no impact on the Financial Statements.

On January 1, 2009, BioClinica adopted SFAS No. 157, "Fair Value Measurements," (SFAS 157) as it relates to nonfinancial assets and nonfinancial liabilities that are not recognized or disclosed at fair value in the financial statements on at least an annual basis. SFAS 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (GAAP), and expands disclosures about fair value measurements. The provisions of this standard apply to other accounting pronouncements that require or permit fair value measurements and are to be applied prospectively with limited exceptions. The adoption of SFAS 157, as it relates to nonfinancial assets and nonfinancial liabilities, had no impact on the Financial Statements. The provisions of SFAS 157 will be applied at such time a fair value measurement of a nonfinancial asset or nonfinancial liability is required, which may result in a fair value that is materially different than would have been calculated prior to the adoption of SFAS 157.

On January 1, 2009, BioClinica adopted SFAS No. 141 (revised 2007), "Business Combinations," (SFAS 141(R)), which replaces SFAS No. 141, "Business Combinations," (SFAS 141) but retains the fundamental requirements in SFAS 141, including that the purchase method be used for all business combinations and for an acquirer to be identified for each business combination. This standard defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control instead of the date that the consideration is transferred. SFAS 141(R) requires an acquirer in a business combination, including business combinations achieved in stages (step acquisition), to recognize the assets acquired, liabilities assumed, and any noncontrolling interest in the acquiree at the acquisition date, measured at their fair values as of that date, with limited exceptions. It also requires the recognition of assets acquired and liabilities assumed arising from certain contractual contingencies as of the acquisition date, measured at their acquisition-date fair values. Additionally, SFAS 141(R) requires acquisition-related costs to be expensed in the period in which the costs are incurred and the services are received instead of including such costs as part of the acquisition price. The adoption of SFAS 141(R) had no impact on the Financial Statements.

On June 30, 2009, BioClinica adopted FSP No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments," (FSP FAS 107-1/APB 28-1). FSP FAS 107-1/APB 28-1 requires a publicly traded company to include disclosures about the fair value of its financial instruments whenever it issues summarized financial information for interim reporting periods. Such disclosures include the fair value of all financial instruments, for which it is practicable to estimate that value, whether recognized or not recognized in the statement of financial position; the related carrying amount of these financial instruments; and the method(s) and significant assumptions used to estimate the fair value. The adoption of FSP FAS 107-1/APB 28-1 had no impact on the Financial Statements.

Effective January 1, 2009, BioClinica adopted FSP No. FAS 141(R)-1, “Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies,” (FSP FAS 141(R)-1), which was issued on April 1, 2009. FSP FAS 141(R)-1 applies to all assets acquired and liabilities assumed in a business combination that arise from certain contingencies as defined in this FSP and requires (i) an acquirer to recognize at fair value, at the acquisition date, an asset acquired or liability assumed in a business combination that arises from a contingency if the acquisition-date fair value of that asset or liability can be determined during the measurement period otherwise the asset or liability should be recognized at the acquisition date if certain defined criteria are met; (ii) contingent consideration arrangements of an acquiree assumed by the acquirer in a business combination be recognized initially at fair value; (iii) subsequent measurements of assets and liabilities arising from contingencies be based on a systematic and rational method depending on their nature and contingent consideration arrangements be measured subsequently in accordance with the provisions of SFAS 141(R); and (iv) disclosures of the amounts and measurement basis of such assets and liabilities and the nature of the contingencies. The adoption of FSP FAS 141(R)-1 had no impact on the Financial Statements.

On January 1, 2009, BioClinica adopted FSP No. FAS 142-3, “Determination of the Useful Life of Intangible Assets,” (FSP FAS 142-3). FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FASB Statement No. 142, “Goodwill and Other Intangible Assets,” (SFAS 142) in order to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS 141(R) and other GAAP. The adoption of FSP FAS 142-3 had no impact on the Financial Statements.

In June 2009, the FASB issued SFAS No. 168, “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Statement No. 162,” (SFAS 168). SFAS 168 replaces SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles,” and establishes the FASB Accounting Standards Codification TM (Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead the FASB will issue Accounting Standards Updates. Accounting Standards Updates will not be authoritative in their own right as they will only serve to update the Codification. The issuance of SFAS 168 and the Codification does not change GAAP. SFAS 168 becomes effective for BioClinica for the period ending September 30, 2009. Management has determined that the adoption of SFAS 168 will not have an impact on the Financial Statements since it only requires changes to the presentation of disclosures.

In June 2009, the FASB issued SFAS No. 167, “Amendments to FASB Interpretation No. 46(R),” (SFAS 167). SFAS 167 amends FASB Interpretation No. 46 (Revised December 2003), “Consolidation of Variable Interest Entities—an interpretation of ARB No. 51,” (FIN 46(R)) to require an enterprise to perform an analysis to determine whether the enterprise’s variable interest or interests give it a controlling financial interest in a variable interest entity; to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity; to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity; to add an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights of those investments to direct the activities of the entity that most significantly impact the entity’s economic performance; and to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise’s

involvement in a variable interest entity. SFAS 167 becomes effective for BioClinica on January 1, 2010. Management is currently evaluating the potential impact of SFAS 167 on the Financial Statements.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140," (SFAS 166). SFAS 166 amends various provisions of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a replacement of FASB Statement No. 125," by removing the concept of a qualifying special-purpose entity and removes the exception from applying FIN 46(R) to variable interest entities that are qualifying special-purpose entities; limits the circumstances in which a transferor derecognizes a portion or component of a financial asset; defines a participating interest; requires a transferor to recognize and initially measure at fair value all assets obtained and liabilities incurred as a result of a transfer accounted for as a sale; and requires enhanced disclosure; among others. SFAS 166 becomes effective for BioClinica on January 1, 2010. Management is currently evaluating the potential impact of SFAS 166 on the Financial Statements.

Results of Operations

Three Months Ended June 30, 2009 and 2008

(in thousands)	Three Months Ended June 30, 2009	% of Total Revenue	Three Months Ended June 30, 2008	% of Total Revenue	\$ Change	% Change
Service revenues	\$13,921	81.6%	\$15,109	78.8%	\$(1,188)	(7.9)%
Reimbursement revenues	3,142	18.4%	4,073	21.2%	(931)	(22.9)%
Total revenues	17,063	100.0%	19,182	100.0%	(2,119)	(11.0)%
Cost and expenses:						
Cost of service revenue	8,608	50.5%	8,595	44.8%	13	0.2%
Cost of reimbursement revenue	3,142	18.4%	4,073	21.2%	(931)	(22.9)%
Sales and marketing expenses	2,166	12.7%	2,229	11.6%	(63)	(2.8)%
General and administrative expenses	1,867	10.9%	1,900	9.9%	(33)	(1.7)%
Amortization of intangible assets related to acquisitions	112	0.7%	133	0.8%	(21)	(15.8)%
Restructuring Cost	466	2.7%	—		466	0.0%
Total cost and expenses	16,361	95.9%	16,930	88.3%	(569)	(3.4)%
Income from continuing operations before interest and taxes	702	4.1%	2,252	11.7%	(1,550)	(68.8)%
Interest income	10	0.1%	101	0.5%	(91)	(90.1)%
Interest expense	(3)	0.0%	(3)	0.0%	—	0.0%
Income tax provision	(180)	(1.1)%	(887)	(4.6)%	707	(79.7)%
Income from continuing operations, net of taxes	529	3.1%	1,463	7.6%	(934)	(63.8)%
Loss from discontinued operations, net of taxes	—	0.0%	(402)	(2.1)%	402	(100.0)%
Net income	\$ 529	3.1%	\$ 1,061	5.5%	\$ (532)	(50.1)%

The Consolidated Statements of Income for all periods presented were reclassified to reflect the CapMed division in discontinued operations.

Service revenues for the three months ended June 30, 2009 and 2008 were \$13.9 million and \$15.1 million, respectively, a decrease of \$1.2 million, or 7.9%. The decrease in our service revenues was due to the pharmaceutical companies' response to overall economic conditions, resulting in re-evaluation of drug programs and some contract decisions being delayed. We believe as worldwide demand for new drugs grow, our customers will continue to conduct more clinical trials in pursuit of regulatory approval in countries around the world and clinical trials service organizations, such as ours, with an established global presence, depth of services and expertise, will continue to benefit. No one client accounted for more than 10.0% of service revenues for the three months ended June 30, 2009 and 2008.

Reimbursement revenues and cost of reimbursement revenues for the three months ended June 30, 2009 and 2008 were \$3.1 million and \$4.1 million, respectively, a decrease of \$1 million, or 22.2%. Reimbursement revenues and cost of reimbursement revenues consist of payments received from the customer for reimbursable costs. Reimbursement revenues and cost of reimbursement revenues fluctuate significantly over the course of any given project, and quarter to quarter variations are a reflection of this project timing. Therefore, our management believes that reimbursement revenues and cost of reimbursement revenues are not a significant indicator of our overall performance trends. At the request of our clients, we may directly pay the independent radiologists who review our client's imaging data. In such cases, per contractual arrangement, these costs are billed to our clients and are included in reimbursement revenues and cost of reimbursement revenues.

Cost of service revenues for the three months ended June 30, 2009 and 2008 remained flat year over year at \$8.6 million. Cost of service revenues for the three months ended June 30, 2009 and 2008 were comprised of professional salaries and benefits and allocated overhead. The cost of revenues as a percentage of total revenues also fluctuates due to work-flow variations in the utilization of staff and the mix of services provided by us in any given period. We expect that our cost of revenues will decrease for the remainder of fiscal 2009 due to the savings from the restructuring in the second quarter of 2009.

Sales and marketing expenses for the three months ended June 30, 2009 and 2008 remained flat year over year at \$2.2 million. Sales and marketing expenses for the three months ended June 30, 2009 and 2008 were comprised of direct sales and marketing costs, salaries and benefits and allocated overhead. We expect that our sales and marketing expenses will increase in fiscal 2009 as we continue to expand our market presence in the United States and Europe.

General and administrative expenses for the three months ended June 30, 2009 and 2008 remained flat year over year at \$1.9 million. General and administrative expenses for the three months ended June 30, 2009 and three months ended June 30, 2008 consisted primarily of salaries and benefits, allocated overhead, professional and consulting services and corporate insurance. This decrease is primarily due to non-recurring professional fees incurred in the second quarter of 2008. In the second quarter of 2009, as a result of a potential acquisition which was terminated, we incurred \$734,000 of acquisition related costs and received \$750,000, comprised of a \$500,000 break-up fee and \$250,000 expense reimbursement, from the target company, resulting in a \$16,000 gain on the transaction. We expect that our general and administrative expenses will remain relatively flat for the remainder of fiscal 2009.

Amortization of intangible assets related to acquisitions for the three months ended June 30, 2009 and 2008 were \$112,000 and \$133,000, respectively, a decrease of \$21,000, or 15.8%. Amortization of intangible assets related to acquisitions consisted primarily of amortization of customer backlog, customer relationships, software and non-compete intangibles acquired from the acquisitions of PDS and Theralys. We expect that the amortization of intangible assets related to acquisitions may increase as we look to continue to expand our pharmaceutical contract services through potential acquisitions.

Net interest income was \$7,000 for the three months ended June 30, 2009 and \$98,000 for the three months ended June 30, 2008, a decrease of \$91,000, or 92.9%. Net interest income and expense for the three months ended June 30, 2009 and 2008 is comprised of interest income earned on our cash balance and interest expense incurred on equipment lease obligations. The decrease was due to a decline in market interest rates for short-term cash investments; we expect this trend to continue throughout 2009.

Our income tax provision for the three months ended June 30, 2009 and 2008 was \$180,000 and \$887,000, respectively. Our effective tax rate from continuing operations is approximately 35% for fiscal 2009.

Six Months Ended June 30, 2009 and 2008

(in thousands)	Six Months Ended June 30, 2009	% of Total Revenue	Six Months Ended June 30, 2008	% of Total Revenue	\$ Change	% Change
Service revenues	\$28,396	83.2%	\$26,132	78.5%	\$ 2,264	8.7%
Reimbursement revenues	5,737	16.8%	7,150	21.5%	(1,413)	(19.8)%
Total revenues	34,133	100.0%	33,282	100.0%	851	2.6%
Cost and expenses:						
Cost of service revenue	17,669	51.8%	14,938	44.9%	2,731	18.3%
Cost of reimbursement revenue	5,737	16.8%	7,150	21.5%	(1,413)	(19.8)%
Sales and marketing expenses	4,322	12.7%	3,697	11.1%	625	16.9%
General and administrative expenses	3,784	11.1%	3,439	10.3%	345	10.0%
Amortization of intangible assets related to acquisitions	231	0.6%	157	0.5%	74	47.1%
Restructuring Charges	466	1.4%		0.0%	466	0.0%
Total cost and expenses	32,209	94.4%	29,381	88.3%	2,828	9.6%
Income from continuing operations before interest and taxes	1,924	5.6%	3,901	11.7%	(1,977)	(50.7)%
Interest income	32	0.1%	254	0.8%	(222)	(87.4)%
Interest expense	(5)	(0.0)%	(3)	0.0%	(2)	66.7%
Income tax provision	(636)	(1.9)%	(1,553)	(4.7)%	917	(59.0)%
Income from continuing operations, net of taxes	1,315	3.8%	2,599	7.8%	(1,284)	(49.4)%
Loss from discontinued operations, net of taxes	—	0.0%	(715)	(2.1)%	715	100.0%
Net income	1,315	3.8%	\$ 1,884	5.7%	\$ (569)	(30.2)%

The Consolidated Statements of Income for all periods presented were reclassified to reflect the CapMed division in discontinued operations.

The Consolidated Statement of Income for the six months ended June 30, 2009 and 2008 includes the financial results of PDS since the acquisition date of March 24, 2008 (except that the period from March 24, 2008 through March 31, 2008 has been excluded due to immateriality).

Service revenues for the six months ended June 30, 2009 and 2008 were \$28.4 million and \$26.1 million respectively, an increase of \$2.3 million, or 8.7%. The increase in our service revenues was due

to the addition of PDS service revenues in the second quarter of 2008. Our service revenues have been impacted due to the pharmaceutical companies' response to overall economic conditions, resulting in re-evaluation of drug programs and some contract decisions being delayed. We believe as worldwide demand for new drugs grow, our customers will continue to conduct more clinical trials in pursuit of regulatory approval in countries around the world and clinical trials service organizations, such as ours, with an established global presence, depth of services and expertise, will continue to benefit. No one client, accounted for more than 10.0% of service revenues for the six months ended June 30, 2009 and 2008.

Reimbursement revenues and cost of reimbursement revenues for the six months ended June 30, 2009 and 2008 were \$5.7 million and \$7.2 million respectively, a decrease of \$1.5 million, or 19.8%. Reimbursement revenues and cost of reimbursement revenues consist of payments received from the customer for reimbursable costs. Reimbursement revenues and cost of reimbursement revenues fluctuate significantly over the course of any given project, and quarter to quarter variations are a reflection of this project timing. Therefore, our management believes that reimbursement revenues and cost of reimbursement revenues are not a significant indicator of our overall performance trends. At the request of our clients, we may directly pay the independent radiologists who review our client's imaging data. In such cases, per contractual arrangement, these costs are billed to our clients and are included in reimbursement revenues and cost of reimbursement revenues.

Cost of service revenues for the six months ended June 30, 2009 and 2008 were \$17.7 million and \$14.9 million respectively, an increase of \$2.8 million, or 18.3%. Cost of service revenues for the six months ended June 30, 2009 and 2008 were comprised of professional salaries and benefits and allocated overhead. The increase in cost of service revenues is primarily due to a full six months of PDS costs in 2009. The cost of revenues as a percentage of total revenues also fluctuates due to work-flow variations in the utilization of staff and the mix of services provided by us in any given period. We expect that our cost of revenues will decrease for the remainder of fiscal 2009 due to the savings from the restructuring in the second quarter of 2009.

Sales and marketing expenses for the six months ended June 30, 2009 and 2008 were \$4.3 million and \$3.7 million respectively, an increase of \$625,000, or 16.9%. Sales and marketing expenses for the six months ended June 30, 2009 and 2008 were comprised of direct sales and marketing costs, salaries and benefits and allocated overhead. The increase is primarily due to the addition of sales personnel from the PDS acquisition along with increased marketing and tradeshow attendance. We expect that our sales and marketing expenses will increase in fiscal 2009 as we continue to expand our market presence in the United States and Europe.

General and administrative expenses for the six months ended June 30, 2009 and 2008 were \$3.8 million and \$3.4 million respectively, an increase of \$345,000, or 10.0%. General and administrative expenses for the six months ended June 30, 2009 and six months ended June 30, 2008 consisted primarily of salaries and benefits, allocated overhead, professional and consulting services and corporate insurance. The decrease is primarily due to non-recurring professional fees incurred in the second quarter of 2008 offset by the full six months of PDS in 2009. In the second quarter of 2009, as a result of a potential acquisition which was terminated, we incurred \$734,000 of acquisition related costs and received \$750,000, comprised of a \$500,000 break-up fee and \$250,000 expense reimbursement, from the target company, resulting in a \$16,000 gain on the transaction. We expect that our general and administrative expenses will remain relatively flat for the remainder of fiscal 2009.

Amortization of intangible assets related to acquisitions for the six months ended June 30, 2009 and 2008 were \$190,000 and \$157,000 respectively, an increase of \$33,000, or 21.0%. Amortization of

intangible assets related to acquisitions consisted primarily of amortization of customer backlog, customer relationships, software and non-compete intangibles acquired from the acquisitions of PDS and Theralys. The increase is due to the acquisition of PDS on March 24, 2008. We expect that the amortization of intangible assets related to acquisitions may increase as we look to continue to expand our pharmaceutical contract services through potential acquisitions.

Net interest income was \$27,000 for the six months ended June 30, 2009 and \$251,000 for the six months ended June 30, 2008, a decrease of \$224,000, or 89.2%. Net interest income and expense for the six months ended June 30, 2009 and 2008 is comprised of interest income earned on our cash balance and interest expense incurred on equipment lease obligations. The decrease was due to a decline in market interest rates for short-term cash investments; we expect this trend to continue throughout 2009.

Our income tax provision for the six months ended June 30, 2009 and 2008 was \$636,000 and \$1.5 million respectively. Our effective tax rate from continuing operations is approximately 35% for fiscal 2009.

Business Segments and Geographic Information

We view our operations and manage our business as one operating segment, clinical trials services.

Our corporate headquarters and operational facilities are in Pennsylvania, in the United States. We also have a European facility in Leiden, the Netherlands. We manage our services for European-based clinical trials from this facility. Our European facility has similar processing and analysis capabilities as our United States headquarters. We also have a facility in Lyon, France that provides product development and research activities.

Our foreign customers accounted for approximately 22% and 25% of service revenues for the three months ended June 30, 2009 and 2008, respectively.

Liquidity and Capital Resources

Our principal liquidity requirements have been, and we expect will be, for working capital and general corporate purposes, including capital expenditures.

Statement of Cash Flow for the six months ended June 30, 2009 compared to June 30, 2008

(in thousands)	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Net cash provided by activities from continuing operations	\$ 1,448	\$ 7,588
Net cash used in investing activities from continuing operations	\$(1,067)	\$(9,958)
Net cash provided by financing activities from continuing operations	\$ (30)	\$ 291

At June 30, 2009, we had cash and cash equivalents of \$14.6 million. Working capital, defined as current assets minus current liabilities, at June 30, 2009 was \$9.6 million.

Net cash provided by continuing operating activities for the six months ended June 30, 2009 was \$1.4 million as compared to \$7.6 million for the six months ended June 30, 2008. This decrease from the prior year is primarily due to the decrease in deferred revenue of \$2.6 million and the decrease in accrued accounts payable of \$1.7 million.

Cash used in discontinued operations for the six months ended June 30, 2009 was \$0 compared to \$758 for the three months ended June 30, 2008.

Net cash used in investing activities from continuing operations for the six months ended June 30, 2009 was \$1.1 million as compared to \$10.0 million for the six months ended June 30, 2008. The cash usage in 2008 was primarily due to the acquisition of PDS on March 24, 2008. We currently anticipate that capital expenditures for the remainder of the fiscal year ending December 31, 2009 will be approximately \$1 million. These expenditures primarily represent additional upgrades in our networking, data storage and core laboratory capabilities for both our U. S. and European operations, as well as capitalization of software costs.

Net cash used in by financing activities from continuing operations for the six months ended June 30, 2009 was \$30,000 as compared to net cash provided by financing activities of \$291,000 for the six months ended June 30, 2008. The change is primarily attributable to fewer proceeds related to the exercise of stock options.

The following table lists our cash contractual obligations as of June 30, 2009:

(in thousands) Contractual obligations	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Capital lease obligations	\$ 86	\$ 75	\$ 11	\$ —	\$ —
Facility rent operating leases	\$15,738	\$2,230	\$3,671	\$3,362	\$6,475
Employment agreements	\$ 1,209	\$ 500	\$ 709	\$ —	\$ —
Total contractual cash obligations	\$17,033	\$2,805	\$4,391	\$3,362	\$6,475

We have neither paid nor declared dividends on our common stock since our inception and do not plan to pay dividends on our common stock in the foreseeable future.

We have not entered into any off-balance sheet transactions, arrangements or other relationships with unconsolidated entities or other persons that are likely to affect liquidity or the availability of or requirements for capital resources.

We anticipate that our existing capital resources together with cash flow from operations will be sufficient to meet our cash needs for the next 12 months. However, we cannot assure you that our operating results will maintain profitability on an annual basis in the future. The inherent operational risks associated with the following factors may have a material adverse affect on our future liquidity:

- our ability to gain new client contracts;
- project cancellations;
- the variability of the timing of payments on existing client contracts; and
- other changes in our operating assets and liabilities.

We may seek to use a portion of our current cash on hand, or seek to raise additional capital from equity or debt sources, in order to take advantage of unanticipated opportunities, such as more rapid expansion, acquisitions of complementary businesses or the development of new services. We cannot assure you that additional financing will be available, if at all, on terms acceptable to us.

Our fiscal year 2009 operating plan contains assumptions regarding revenue and expenses. The achievement of our operating plan depends heavily on the timing of work performed by us on existing projects and our ability to gain and perform work on new projects. Project cancellations, delays in the timing of work performed by us on existing projects or our inability to gain and perform work on new projects could have an adverse impact on our ability to execute our operating plan and maintain adequate cash flow. In the event actual results do not meet the operating plan, our management believes it could execute contingency plans to mitigate these effects. Our plans include additional financing, to the extent available. Considering the cash on hand and based on the achievement of the operating plan and management's actions taken to date, management believes it has the ability to continue to generate sufficient cash to satisfy our operating requirements in the normal course of business for at least the next 12 months and the foreseeable future.

Changes to Critical Accounting Policies and Estimates

Our critical accounting policies and estimates are set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2008. As of June 30, 2009, there have been no changes to such critical accounting policies and estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Interest Rate Risk

We invest in high-quality financial instruments, comprised of savings accounts, certificates of deposit and money market funds. Due to the short-term nature of our investments, we do not believe that we have any material exposure to interest rate risk arising from our investments.

Foreign Currency Risk

Our financial statements are denominated in U.S. dollars. Fluctuations in foreign currency exchange rates could materially increase the operating costs of our facilities in the Netherlands and France, which are Euro denominated. A 10 percent increase or decrease in the Euro to U.S. dollar spot exchange rate would result in a change of \$256,000 to our net asset position at June 30, 2009. In addition, certain of our contracts are denominated in foreign currency. We believe that any adverse fluctuation in the foreign currency markets relating to these contracts will not result in any material adverse effect on our financial condition or results of operations. In the event we derive a greater portion of our service revenues from international operations, factors associated with international operations, including changes in foreign currency exchange rates, could affect our results of operations and financial condition.

We hedge our foreign currency exposure when and as appropriate to mitigate the adverse impact of fluctuating exchange rates. Our foreign currency financial assets and liabilities primarily consist of cash, trade receivables, prepaid expenses, fixed assets, trade payables and accrued expenses. We were in a net asset position at June 30, 2009. An increase in the exchange rate would result in less net assets when converted to U.S. dollars. Conversely, if we were in a net liability position, a decrease in the exchange rate would result in more net liabilities when converted to U.S. dollars.

In accordance with our foreign exchange rate risk management policy, we had purchased monthly Euro call options in prior years. These options were intended to hedge against the exposure to variability in our cash flows resulting from the Euro denominated costs for our Netherlands subsidiary. During the six months ended June 30, 2009 and 2008, we have not purchased any Euro call options, because our foreign currency needs are generally being met by the cash flow generated by Euro denominated contracts. The last Euro call option expired March 31, 2007, and we have not entered into any new Euro call options since that time. As of June 30, 2009, there were no outstanding derivative positions.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. We evaluated, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934 (“Exchange Act”), as amended) as of June 30, 2009, the end of the period covered by this report on Form 10-Q. Based on this evaluation, our President and Chief Executive Officer (principal executive officer) and our Chief Financial Officer (principal accounting and financial officer) have concluded that our disclosure controls and procedures were effective at June 30, 2009. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and were operating in an effective manner for the period covered by this report, and (ii) is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in internal control over financial reporting . There was no change in our internal controls over financial reporting that occurred during the quarter ended June 30, 2009 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION .

Item 1. Legal Proceedings.

In the normal course of business, we may be a party to legal proceedings. We are not currently a party to any material legal proceedings.

Item 1A. Risk Factors.

The more prominent risks and uncertainties inherent in our business are described below. However, additional risks and uncertainties may also impair our business operations. If any of the following risks actually occur, our business, financial condition or results of operations may suffer. Investing in our common stock involves a high degree of risk. Any of the following factors could harm our business and future results of operations, and you could lose all or part of your investment.

Risks Related to Our Company and Business

We may incur financial losses because contracts may be delayed or terminated or reduced in scope for reasons beyond our control.

Our clients may terminate or delay their contracts for a variety of reasons, including, but not limited to:

- unexpected or undesired clinical results;
- the client's decision to terminate the development of a particular product or to end a particular study;
- insufficient patient enrollment in a study;
- insufficient investigator recruitment;
- failure to perform our obligations under the contract; or
- the failure of products to satisfy safety requirements.

In addition, we believe that FDA-regulated companies may proceed with fewer clinical trials or conduct them without assistance of contract service organizations if they are trying to reduce costs as a result of cost containment pressures associated with healthcare reform, budgetary limits or changing priorities. These factors may cause such companies to cancel contracts with contract service organizations.

We cannot assure you that our clients will continue to use our services or that we will be able to replace, in a timely or effective manner, departing clients with new clients that generate comparable revenues. Further, we cannot assure you that our clients will continue to generate consistent amounts of revenues over time.

The loss, reduction in scope or delay of a large contract or the loss or delay of multiple contracts could materially adversely affect our business, although our contracts entitle us to receive all fees earned up to the time of termination.

The current economic downturn may adversely impact our ability to raise capital.

The recent economic downturn and adverse conditions in the national and global markets may negatively affect our operations in the future. The falling equity markets and adverse credit markets may make it difficult for us to raise capital or procure credit in the future to fund the growth of our business, which could have a negative impact on our business and results of operations and limit our ability to pursue acquisitions

We depend on a small number of industries and clients for all of our business, and the loss of one such significant client could cause revenues to drop quickly and unexpectedly.

We depend on research and development expenditures by pharmaceutical, biotechnology and medical device companies to sustain our business. Our operations could be materially and adversely affected if:

- our clients' businesses experience financial problems or are affected by a general economic downturn;
- consolidation in the pharmaceutical, biotechnology or medical device industries leads to a smaller client base for us; or
- clients reduce their research and development expenditures.

No client represented 10.0% or more of our service revenue for the six months ended June 30, 2009 and 2008. The loss of business from a significant client or our failure to continue to obtain new business to replace completed or cancelled projects would have a material adverse effect on our business and revenues.

Our contracted/committed backlog may not be indicative of future results.

Our reported contracted/committed backlog of \$94.1 million at June 30, 2009 is based on anticipated service revenue from uncompleted projects with clients. Backlog is the expected service revenue that remains to be earned and recognized on signed and verbally agreed to contracts. Contracts included in backlog are subject to termination by our clients at any time. In the event that a client cancels a contract, we would be entitled to receive payment for all services performed up to the cancellation date and subsequent client authorized services related to the cancellation of the project. The duration of the projects included in our backlog range from less than three months to seven years. We cannot assure that this backlog will be indicative of future results. A number of factors may affect backlog, including:

- the variable size and duration of the projects (some are performed over several years);
- the loss or delay of projects;
- the change in the scope of work during the course of a project; and
- the cancellation of such contracts by our clients.

Also, if clients delay projects, the projects will remain in backlog, but will not generate revenue at the rate originally expected. Accordingly, the historical relationship of backlog to revenues may not be indicative of future results.

We acquired Phoenix Data Systems, Inc. in March 2008 and may engage in future acquisitions, which may be expensive and time consuming, and from which we may not realize anticipated benefits.

We acquired Phoenix Data Systems, Inc. (PDS) in March 2008 and may acquire additional businesses, technologies and products if we determine that these additional businesses, technologies and products complement our existing business, or otherwise serve our strategic goals. Either as a result of the

acquisition of PDS or future acquisitions undertaken, the process of integrating the acquired business, technology or product may result in operating difficulties and expenditures, and may absorb significant management attention that would otherwise be available for ongoing development of our business. Moreover, we may never realize the anticipated benefits of any such acquisition. Such acquisitions could result in potentially dilutive issuances of our securities, the incurrence of debt and contingent liabilities and amortization expenses related to intangible assets, all of which could adversely affect our results of operations and financial condition.

Loss of key personnel, or failure to attract and retain additional personnel, may cause the success and growth of our business to suffer.

Future success depends on the personal efforts and abilities of the principal members of our senior management to provide strategic direction, develop business, manage operations and maintain a cohesive and stable environment. Specifically, we are dependent upon Mark L. Weinstein, President and Chief Executive Officer, Ted I. Kaminer, Executive Vice President of Finance and Administration and Chief Financial Officer, David A. Pitler, Executive Vice President, President BioImaging Services, and Peter Benton, Executive Vice President, President eClinical. Although we have employment agreements with Mr. Weinstein, Mr. Kaminer and Mr. Benton, this does not necessarily mean that they will remain with us. Although we have executive retention agreements with our officers, we do not have employment agreements with any other key personnel. Furthermore, our performance also depends on our ability to attract and retain management and qualified professional and technical operating staff. Competition for these skilled personnel is intense. The loss of services of any key executive, or inability to continue to attract and retain qualified staff, could have a material adverse effect on our business, results of operations and financial condition. We do not maintain any key employee insurance on any of our executives.

Our revenues, earnings and operating costs are exposed to exchange rate fluctuations.

During the second quarter of 2009, a portion of our service revenues were denominated in foreign currency. Our financial statements are denominated in United States dollars. In the event a greater portion of our service revenues are denominated in a foreign currency, changes in foreign currency exchange rates could affect our results of operations and financial condition. Fluctuations in foreign currency exchange rates could materially impact the operating costs of our European facility in Leiden, the Netherlands, which are primarily Euro denominated. We hedge our foreign currency exposure when and as appropriate to mitigate the adverse impact of fluctuating exchange rates.

Our investments may be exposed to credit risk.

Financial instruments that potentially subject us to significant credit risk consist principally of cash. As part of our risk management processes, we continuously evaluate the relative credit standing of all of the financial institutions that service us and monitor actual exposures versus established limits. We have not sustained credit losses from instruments held at financial institutions. We maintain cash and cash equivalents, comprised of savings accounts, short-term certificate of deposits and money market funds with various financial institutions. These financial institutions are generally highly rated and the company has a policy to limit the dollar amount of credit exposure with any one institution.

We may be required to record additional significant charges to earnings if our goodwill becomes impaired.

Under accounting principles generally accepted in the United States, we review our goodwill for impairment each year as of December 31 and when events or changes in circumstances indicate the

carrying value may not be recoverable. The carrying value of our goodwill may not be recoverable due to factors such as a decline in stock price and market capitalization, reduced estimates of future cash flows and slower growth rates in our industry. Estimates of future cash flows are based on an updated long-term financial outlook of our operations. However, actual performance in the near-term or long-term could be materially different from these forecasts, which could impact future estimates. For example, a significant decline in our stock price and/or market capitalization may result in impairment of our goodwill valuation. We may be required to record a charge to earnings in our financial statements during a period in which an impairment of our goodwill is determined to exist, which may negatively impact our results of operations.

Risks Related to Our Industry

Our failure to compete effectively in our industry could cause our revenues to decline.

Significant factors in determining whether we will be able to compete successfully include:

- consultative and clinical trials design capabilities;
- reputation for on-time quality performance;
- expertise and experience in specific therapeutic areas;
- the scope of service offerings;
- strength in various geographic markets;
- the price of services;
- ability to acquire, process, analyze and report data in a time-saving and accurate manner;
- ability to manage large-scale clinical trials both domestically and internationally;
- our size; and
- the service and product offerings of our competitors.

If our services are not competitive based on these or other factors, our business, financial condition and results of operations could be materially harmed.

The biopharmaceutical services industry is highly competitive, and we face numerous competitors in our business, including hundreds of contract research organizations. If we fail to compete effectively, we will lose clients, which would cause our business to suffer. We, or CROs, primarily compete against in-house departments of pharmaceutical companies, full service CROs, small specialty CROs, and to a lesser extent, universities and teaching hospitals. Some of these competitors have substantially greater capital, technical and other resources than we do. In addition, certain of our competitors that are smaller specialized companies may compete effectively against us because of their concentrated size and focus.

Changes in outsourcing trends in the pharmaceutical and biotechnology industries could adversely affect our operating results and growth rate.

Service revenues depend greatly on the expenditures made by the pharmaceutical and biotechnology industries in research and development. Accordingly, economic factors and industry trends that affect our clients in these industries also affect our business. For example, the practice of many companies in these industries has been to hire outside organizations like us to conduct clinical research projects. This practice has grown significantly in the last decade, and we have benefited from this trend. However, if this trend were to change and companies in these industries were to reduce the number of research and development projects they outsource, our business could be materially adversely affected.

Additionally, numerous governments have undertaken efforts to control growing healthcare costs through legislation, regulation and voluntary agreements with medical care providers and pharmaceutical companies. If future regulatory cost containment efforts limit the profits that can be derived from new drug sales, our clients might reduce their research and development spending, which could reduce our business.

Consolidation among our customers could cause us to lose customers, decrease the market for our products and result in a reduction of our revenues.

Our customer base could decline because of industry consolidation, and we may not be able to expand sales of our products and services to new customers. Consolidation in the pharmaceutical, biotechnology and medical device industries has accelerated in recent years, and we expect this trend to continue. As these industries consolidate, competition to provide products and services to industry participants will become more intense and the importance of establishing relationships with large industry participants will become greater. These industry participants may try to use their market power to negotiate price reductions for our products and services. Also, if consolidation of larger current customers occurs, the combined organization may represent a larger percentage of business for us and, as a result, we are likely to rely more significantly on the combined organization's revenues to continue to achieve growth.

The current economic downturn coupled with the current regulatory environment could have a negative impact on the pharmaceutical, biotechnology and medical device industries.

The recent economic downturn and adverse conditions in the national and global markets may negatively affect our operations in the future. Our revenues are contingent upon the research and development expenditures by pharmaceutical, biotechnology and medical device companies. Some companies in these industries have found it difficult to raise capital in the equity and debt markets or through traditional credit markets to fund research and development. In addition, increased regulatory scrutiny from the FDA may have increased the costs of research and development for these companies. These companies have responded to the general economic downturn and regulatory environment, by postponing, attenuating or cancelling clinical trials projects, or portions thereof, which may reduce the need for our services. As a result, our revenues may be similarly decreased. Furthermore, while our revenues may decrease, our costs may remain relatively fixed, resulting in decreased earnings.

Failure to comply with existing regulations could result in increased costs to complete clinical trials.

Our business is subject to numerous governmental regulations, primarily relating to pharmaceutical product development and the conduct of clinical trials. In particular, we are subject to 21 CFR Part 11 of the Code of Federal Regulations that provides the criteria for acceptance by the FDA of electronic records. If we fail to comply with these governmental regulations, it could result in the termination of ongoing clinical research or the disqualification of data for submission to regulatory authorities. We also could be barred from providing clinical trial services in the future or be subjected to fines. Any of these consequences would harm our reputation, our prospects for future work and our operating results.

Changes in governmental regulation could decrease the need for the services we provide, which would negatively affect our future business opportunities.

In recent years, the United States Congress and state legislatures have considered various types of healthcare reform in order to control growing healthcare costs. The United States Congress and state legislatures may again address healthcare reform in the future. We are unable to predict what legislative

proposals will be adopted in the future, if any. Similar reform movements have occurred in Europe and Asia.

Implementation of healthcare reform legislation that results in additional costs could limit the profits that can be made by clients from the development of new products. This could adversely affect our clients' research and development expenditures, which could, in turn, decrease the business opportunities available to us both in the United States and abroad. In addition, new laws or regulations may create a risk of liability, increase costs or limit service offerings. We cannot predict the likelihood of any of these events.

In addition to healthcare reform proposals, the expansion of managed care organizations in the healthcare market may result in reduced spending on research and development. Managed care organizations' efforts to cut costs by limiting expenditures on pharmaceuticals and medical devices could result in pharmaceutical, biotechnology and medical device companies spending less on research and development. If this were to occur, we would have fewer business opportunities and our revenues could decrease, possibly materially.

Governmental agencies throughout the world, but particularly in the United States, strictly regulate the drug development/approval process. Our business involves helping pharmaceutical and biotechnology companies navigate the regulatory drug approval process. Changes in regulation, such as relaxation in regulatory requirements or the introduction of simplified drug approval procedures or an increase in regulatory requirements that we may have difficulty satisfying could eliminate or substantially reduce the need for our services. If these changes in regulations were to occur, our business, results of operations and financial condition could be materially adversely affected. These and other changes in regulation could have a material adverse impact on our available business opportunities.

If governmental agencies do not accept the data and analyses generated by our services, the need for our services would be eliminated or substantially reduced.

The success of our business is dependent upon continued acceptance by the FDA and other regulatory authorities of the data and analyses generated by our services in connection with the evaluation of the safety and efficacy of new drugs and devices. The FDA has formal guidelines that encourage the use of "surrogate measures" through submission of digital image data, for evaluation of drugs to treat life-threatening or debilitating conditions. We cannot assure you that the FDA or other regulatory authorities will accept the data or analyses generated by us in the future and, even assuming acceptance, the FDA or other regulatory authorities may not require the application of imaging techniques to the number of patients and over time periods substantially similar to those required of traditional safety and efficacy techniques. If the governmental agencies do not accept data and analyses generated by our services in connection with the evaluation of new drugs and devices, the need for our services would be eliminated or substantially reduced, and, as a result, our business, results of operations and financial condition could be materially adversely affected.

We may be exposed to liability claims as a result of our involvement in clinical trials.

We may be exposed to liability claims as a result of our involvement in clinical trials. We cannot assure you that liability claims will not be asserted against us as a result of work performed for our clients. We maintain liability insurance coverage in amounts that we believe are sufficient for the pharmaceutical services industry. Furthermore, we cannot assure you that our clients will agree to indemnify us, or that we will have sufficient insurance to satisfy any such liability claims. If a claim is brought against us and the outcome is unfavorable to us, such outcome could have a material adverse impact on us.

Risks Related to Our Common Stock

Your percentage ownership and voting power and the price of our common stock may decrease as a result of events that increase the number of our outstanding shares.

As of June 30, 2009, we had the following capital structure (in thousands):

Common stock outstanding	14,357
Common stock issuable upon:	
Exercise of options which are outstanding	1,948
Exercise of options which have not been granted	768
Restricted stock units outstanding	113
Total common stock outstanding assuming exercise or conversion of all of the above	17,186

As of June 30, 2009, we had outstanding options to purchase 1,948,773 million shares of common stock at exercise prices ranging from \$0.63 to \$8.06 per share (exercisable at a weighted average of \$4.23 per share), of which 1,244,196 million options were then exercisable. Exercise of our outstanding options into shares of our common stock may significantly and negatively affect the market price for our common stock as well as decrease your percentage ownership and voting power. In addition, we may conduct future offerings of our common stock or other securities with rights to convert the securities into shares of our common stock. As a result of these and other events, such as future acquisitions, that increase the number of our outstanding shares, your percentage ownership and voting power and the price of our common stock may decrease.

Shares of our common stock eligible for public sale may have a negative impact on its market price.

Future sales of shares of our common stock by existing holders of our common stock or by holders of outstanding options, upon the exercise thereof, could have a negative impact on the market price of our common stock. As of June 30, 2009, we had 14,357,253 million shares of our common stock issued and outstanding, substantially all of which are currently freely tradable.

We are unable to estimate the number of shares that may be sold because this will depend on the market price for our common stock, the personal circumstances of the sellers and other factors. Any sale of substantial amounts of our common stock or other securities in the open market may adversely affect the market price of our securities and may adversely affect our ability to obtain future financing in the capital markets as well as create a potential market overhang.

There are a limited number of stockholders who have significant control over our common stock, allowing them to have significant influence over the outcome of all matters submitted to our stockholders for approval, which may conflict with our interests and the interests of our other stockholders.

Our directors, officers and principal stockholders (stockholders owning 10% or more of our common stock), including Covance Inc., beneficially owned 24% of the outstanding shares of common stock and stock options that could have been converted to common stock at June 30, 2009, and such

stockholders will have significant influence over the outcome of all matters submitted to our stockholders for approval, including the election of our directors and other corporate actions. In addition, such influence by these affiliates could have the effect of discouraging others from attempting to take us over, thereby increasing the likelihood that the market price of the common stock will not reflect a premium for control.

Because we do not intend to pay dividends, stockholders will benefit from an investment in our common stock only if it appreciates in value.

We have never declared or paid any cash dividends on our common stock. We currently intend to retain our future earnings, if any, to finance further research and development and do not expect to pay any cash dividends in the foreseeable future. As a result, the success of an investment in our common stock will depend upon any future appreciation in its value. There is no guarantee that our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares.

Trading in our common stock may be volatile, which may result in substantial declines in its market price.

The market price of our common stock has experienced historical volatility and might continue to experience volatility in the future in response to quarter-to-quarter variations in:

- operating results;
- analysts' reports;
- market conditions in the industry;
- changes in governmental regulations; and
- changes in general conditions in the economy or the financial markets.

The overall market (including the market for our common stock) has also experienced significant decreases in value in the past. This volatility and potential market decline could affect the market prices of securities issued by many companies, often for reasons unrelated to their operating performance, and may adversely affect the price of our common stock. Between January 1, 2009 and June 30, 2009, our common stock has traded at a low of \$2.75 per share and a high of \$4.27 per share.

Our common stock began trading on the NASDAQ Global Market, formerly called the NASDAQ National Market, on December 18, 2003 and has a limited trading market. We cannot assure that an active trading market will develop or, if developed, will be maintained. As a result, our stockholders may find it difficult to dispose of shares of our common stock and, as a result, may suffer a loss of all or a substantial portion of their investment.

Certain provisions of our charter and Delaware law could make a takeover difficult and may prevent or frustrate attempts by our stockholders to replace or remove our management team.

We have an authorized class of 3,000,000 shares of undesignated preferred stock, of which 1,250,000 shares were previously issued and converted to common stock. The remaining 1,750,000 shares may be issued by our board of directors, on such terms and with such rights, preferences and designation as the board of directors may determine. Issuance of such preferred stock, depending upon the rights, preferences and designations thereof, may have the effect of delaying, deterring or preventing a change in control of our company. In addition, we are subject to provisions of Delaware corporate law which, subject to certain exceptions, will prohibit us from engaging in any "business combination" with a person who, together with affiliates and associates, owns 15% or more of our common stock for a period

of three years following the date that the person came to own 15% or more of our common stock, unless the business combination is approved in a prescribed manner. In July 2009, our board of directors also adopted a stockholder rights plan, similar to plans adopted by many other publicly-traded companies. The stockholder rights plan is intended to protect stockholders against unsolicited attempts to acquire control of us that do not offer a fair price to our stockholders as determined by our board of directors.

These provisions of our certificate of incorporation, stockholder rights plan and of Delaware law, may have the effect of delaying, deterring or preventing a change in control of our company, may discourage bids for our common stock at a premium over market price and may adversely affect the market price, and the voting and other rights of the holders, of our common stock. In addition, these provisions make it more difficult to replace or remove our current management team in the event our stockholders believe this would be in the best interest of our company and our stockholders.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

- (a) Our annual meeting of stockholders was held on July 8, 2009.
- (b) The following is a list of all of the nominees for Director of our company who were elected at the annual meeting and whose term of office continued after the meeting;
 - (i) Mark L. Weinstein
 - (ii) Jeffrey H. Berg, Ph.D.
 - (iii) Richard F. Cimino
 - (iv) E. Martin Davidoff, CPA, Esq.
 - (v) David E. Nowicki, D.M.D.
 - (vi) Adeoye Y. Olukotun, M.D., M.P.H., F.A.C.C., FAHA
 - (vii) David M. Stack
 - (viii) James A. Taylor, Ph.D.
- (c) There were present at the annual meeting, in person or by proxy, not less than 12,610,033 shares of Common Stock, out of a total number of 14,357,253 shares of Common Stock issued and outstanding and entitled to vote at the annual meeting.
- (d) The results of the vote of the stockholders taken at the annual meeting by ballot and by proxy as solicited by us on behalf of the board of directors were as follows:

(i) A vote was taken for the election of the nominees for our board of directors:

Nominee	For	Withheld
Mark L. Weinstein	12,113,725	496,308
Jeffrey H. Berg, Ph.D.	12,369,201	240,832
Richard F. Cimino	12,369,873	240,160
E. Martin Davidoff, CPA, Esq.	12,025,810	584,223
David E. Nowicki, D.M.D.	12,358,210	251,823
Adeoye, Y. Olukotun, M.D., M.P.H., F.A.C.C., FAHS	12,369,875	240,158
David M. Stack	12,019,544	590,489
James A. Taylor, Ph.D.	12,357,435	252,598

(ii) A vote was taken to amend the Company's Certificate of Incorporation, as amended, to change the Company's name from Bio-Imaging Technologies, Inc. to BioClinica, Inc.:

For	Against	Abstain
12,143,064	408,473	58,496

(iii) A vote was taken to amend the Company's Certificate of Incorporation, as amended, to increase the authorized shares of the Company's common stock from 18,000,000 to 36,000,000 shares:

For	Against	Abstain
11,043,924	1,563,806	2,303

(iv) A vote was taken on the proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009:

For	Against	Abstain
12,549,176	21,861	250,370

Item 5. Other Information.

None.

Item 6. Exhibits.

- 10.1 Employment Agreement, dated September 19, 2008, by and between Bio-Imaging Technologies, Inc. and Peter Benton.
- 31.1 Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 31.2 Certification of principal financial and accounting officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
- 32.1 Certification of principal executive officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350 (furnished herewith).
- 32.2 Certification of principal financial and accounting officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. 1350 (furnished herewith).

SIGNATURES

Pursuant to the requirements 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.

BIOCLINICA, INC.

DATE: August 6, 2009

By: /s/ Mark L. Weinstein
Mark L. Weinstein, President and Chief Executive Officer
(Principal Executive Officer)

DATE: August 6, 2009

By: /s/ Ted I. Kaminer
Ted I. Kaminer, Executive Vice President of Finance and
Administration and Chief Financial Officer (Principal
Financial and Accounting Officer)

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement"), made as of this 19th day of September, 2008, is entered into by Bio-Imaging Technologies, Inc., a Delaware corporation with its principal place of business at 826 Newtown-Yardley Road, Newtown, Pennsylvania 18940 (the "Company"), and Peter Benton (the "Employee").

The Company desires to employ the Employee, and the Employee desires to be employed by the Company within the Company's wholly-owned subsidiary, Phoenix Data Systems, Inc., a Delaware corporation with its principal place of business at 901 East 8th Avenue, Suite 201, King of Prussia, PA 19406 ("PDS"). In consideration of the mutual covenants and promises contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties to this Agreement, the parties agree as follows:

1. Term of Employment. The Company hereby agrees to employ the Employee, and the Employee hereby accepts employment with the Company within PDS, upon the terms set forth in this Agreement, for the period commencing on September 30, 2008 (the "Commencement Date") and ending on September 30, 2009 (such period, as it may be extended, the "Employment Period"), unless sooner terminated in accordance with the provisions of Section 4; provided, however, that the Employment Period shall automatically renew for successive twelve (12) month terms unless either party provides the notice of termination pursuant to Section 4.5 below.

2. Title; Capacity.

2.1 Title. The Employee shall serve as President of PDS, or in such other reasonably comparable position as the Chief Executive Officer (the "CEO") of the Company or its Board of Directors (the "Board") may determine from time to time. The Employee shall be based at PDS's headquarters in King of Prussia, Pennsylvania, or such place or places in the continental United States as the Board shall reasonably determine. The Employee shall be subject to the supervision of, and shall have such authority as is delegated to the Employee by, the Board, President or CEO of the Company.

2.2 Capacity. The Employee hereby accepts such employment and agrees to undertake the duties and responsibilities inherent in such position and such other duties and responsibilities as the CEO or the Board or its designees shall from time to time reasonably assign to the Employee. The Employee agrees to devote his entire business time, attention and energies to the business and interests of the Company and PDS during the Employment Period; provided that the Employee may serve as a nonexecutive director or trustee of other companies or entities, so long as such service does not unreasonably interfere with the Employee's duties hereunder. The Employee agrees to abide by the rules, regulations, instructions, personnel practices and policies of the Company and PDS and any changes therein that may be adopted from time to time by the Company and PDS. The Employee further agrees to abide by the applicable rules,

practices, policies, restrictions and principles outlined by the Board in its Corporate Policy Governance Manual and amendments adopted thereto.

3. Compensation and Benefits.

3.1 Salary. The Company shall pay the Employee, in periodic installments in accordance with the Company's customary payroll practices, an annual base salary of \$260,000 for the one (1) year period commencing on the Commencement Date. Such salary may be subject to adjustment for cost of living or other adjustments thereafter determined by the Chief Executive Officer of the Company.

3.2 Fringe Benefits. The Employee shall be entitled to participate in all bonus and benefit programs that the Company establishes and makes available to its senior executives, if any, to the extent that Employee's position, tenure, salary, age, health and other qualifications make him eligible to participate. The Employee shall be entitled to Paid Time Off per the Company's Paid Time Off Policy as set forth in the Company's Human Resources Policies, Practices & Procedures Manual, to be taken at such times as may be approved by the Chief Executive Officer of the Company.

3.3 Reimbursement of Expenses. The Company shall reimburse the Employee for all reasonable travel, entertainment and other expenses incurred or paid by the Employee in connection with, or related to, the performance of his duties, responsibilities or services under this Agreement, in accordance with policies and procedures, and subject to the limitations adopted by the Company or the Board from time to time. In no event will such expense be reimbursed after the close of the calendar year following the calendar year in which that expense is incurred. The amount of reimbursements to which the Employee may become entitled in any one calendar year shall not affect the amount of expenses eligible for reimbursement hereunder in any other calendar year. The Employee's right to reimbursement cannot be liquidated or exchanged for any other benefit or payment.

3.4 Bonuses; Incentive Compensation. Beginning in fiscal year 2008, the Employee shall be eligible to receive an annual bonus (the "MIP Bonus") up to an amount equal to forty percent (40%) of the Employee's annual base salary upon the achievement of certain milestones as set forth in an annual Management Incentive Plan. Additional milestones may be established to increase the MIP bonus to a maximum amount equal to eighty percent (80%) of the Employee's annual base salary. The specific annual milestones will be set each year by the Compensation Committee of the Board (the "Compensation Committee"). MIP Bonus payments are subject to approval by the Compensation Committee and shall be pro-rated in the year of hire. The Employee must be an active, full-time employee on the date payment is made to be eligible. Any MIP Bonus awarded to the Employee shall be paid by the 15th day of the third month following the close of the calendar year for which such bonus is earned or as soon as administratively practicable thereafter, but in no event shall such payment be made prior to the first business day in January in the calendar year immediately following the calendar year for which that bonus is earned or after April 30 of that calendar year.

3.5 Stock Options. The Employee may be entitled to a grant of an option, subject to approval of the Compensation Committee, to purchase up to 100,000 shares of common stock of the Company, \$0.00025 par value per share ("Common Stock"), at a purchase price equal to one hundred percent (100%) of the fair market value of the Common Stock on the date of the grant (which date shall be the date of Compensation Committee Approval), which options will vest over four (4) years as follows: twenty-five percent (25%) shall vest on the first anniversary of the date of grant and then twenty-five percent (25%) annually on each anniversary of the date of grant thereafter until fully vested.

3.6 Relocation Assistance. The Company will provide relocation assistance with the understanding that the Employee will be moving within close proximity to Company or PDS offices within a reasonable period of time. The Employee will receive reimbursement for relocation expenses up to a maximum of \$50,000, which amounts will be paid to the Employee upon submission of receipts for approved relocation expenses and will be subject to applicable income taxes where required by law. Approved relocation expenses include: moving household goods, house hunting trips, home sales services and home buying services. The Employee must be an active, full-time employee on the date payment is made to be eligible for such relocation assistance.

3.7 Withholding. All salary, bonus and other compensation payable to the Employee shall be subject to applicable withholding taxes.

4. Termination of Employment Period. The employment of the Employee by the Company pursuant to this Agreement shall terminate upon the occurrence of any of the following:

4.1 Expiration of the Employment Period;

4.2 At the election of the Company, for Cause (as defined below), immediately upon written notice by the Company to the Employee, which notice shall identify the Cause upon which the termination is based. For the purposes of this Section 4.2, "Cause" shall mean that (i) the Employee has repeatedly failed to perform his assigned duties for the Company after ten (10) days written notice and an opportunity to cure, (ii) the Employee has engaged in dishonesty, gross negligence or misconduct materially detrimental to the Company's interest or (iii) the conviction of the Employee of, or the entry of a pleading of guilty or nolo contendere by the Employee to any crime involving moral turpitude or any felony;

4.3 At the election of the Employee, for Good Reason (as defined below), immediately upon written notice by the Employee to the Company, which notice shall identify the Good Reason upon which the termination is based and provide thirty (30) days from receipt of notice for Company to cure such Good Reason. For the purposes of this Section 4.3, "Good Reason" for termination shall mean (i) a material adverse change in the Employee's authority, duties or compensation without the prior written consent of the Employee, (ii) a material breach by the Company of the terms of this Agreement,

which breach is not remedied by the Company within ten (10) days following receipt of written notice from the Employee to the Company notifying it of such breach, or (iii) the relocation of the Employee's place of work to a new location that is outside a radius of fifty (50) miles from the Employee's principal residence and outside a radius of twenty-five (25) miles from the location at which the Employee performed his principal duties for the Company and PDS immediately prior to the date of such change;

4.4 Upon the death or disability of the Employee. As used in this Agreement, the term "disability" shall mean the inability of the Employee, due to a physical or mental disability, for a period of ninety (90) days, whether or not consecutive, during any three hundred sixty (360)-day period, to perform the services contemplated under this Agreement, with or without reasonable accommodation as that term is defined under state or federal law. A determination of disability shall be made by a physician satisfactory to both the Employee and the Company; provided that, if the Employee and the Company do not agree on a physician, the Employee and the Company shall each select a physician and these two together shall select a third physician, whose determination as to disability shall be binding on all parties; or

4.5 At the election of either party, upon not less than one hundred eighty (180) days' prior written notice of termination (the "Termination Notice Period"); provided, however, that if the Company pays the Severance Amount pursuant to Section 5.1(b) below, then the Termination Notice Period shall automatically end on the date the Severance Period (as defined below) begins.

5. Effect of Termination.

5.1 Payments Upon Termination.

(a) In the event the Employee's employment is terminated pursuant to Section 4.1, Section 4.2 or Section 4.4, or by the Employee pursuant to Section 4.5, the Company shall pay to the Employee the compensation and benefits otherwise payable to him under Section 3 through the last day of his actual employment by the Company.

(b) In the event the Employee's employment is terminated by the Employee pursuant to Section 4.3, or by the Company pursuant to Section 4.5, the following provisions shall apply:

(i) the Company shall continue to pay to the Employee his salary as in effect on the date of termination and continue to provide to the Employee the other benefits owed to him under Section 3.2 (to the extent such benefits can be provided to non-employees, or to the extent such benefits cannot be provided to non-employees, then the cash equivalent thereof) until the date one hundred eighty (180) days (the "Severance Period") after the date of termination (the "Severance Amount"). Such Severance Amount shall be paid over the Severance Period in accordance with the Company's normal payment practices for salaried employees, beginning with the first pay date within the 60-day period following the Employee's separation from service due to such

termination on which the requisite Release (as defined below) is effective following the expiration of any applicable revocation period, but in no event will the first such payment be made later than the last day of such 60-day period. Such Severance Period shall immediately terminate (and payments made pursuant to this Section 5.1(b) shall cease) if the Employee fails to be reasonably cooperative, responsive or available for reasonable requests by the Company to the Employee to assist the Company pertaining to areas of the Company's business of which the Employee is familiar as a result of his employment;

(ii) the Company shall pay to the Employee any pro-rated amounts due under Section 3.4, as determined by the Compensation Committee or the Chief Executive Officer of the Company, such payments to begin within the 60-day period following the Employee's "separation from service" with the Company (as determined in accordance with the provisions of Code Section 409A and the final Treasury Regulations thereunder) due to such termination on which the requisite Release is effective following the expiration of any applicable revocation period; and

(iii) the Employee's options shall continue to vest during the Severance Period as proscribed under Section 3.5.

(iv) Should the Employee elect under Code Section 4980B to continue health care coverage under the Company's group health plan for himself, his spouse and his eligible dependents following such termination date, then the Company shall provide such continued health care coverage at the Company's expense until the earlier of (i) the expiration of the 180-day period measured from the date of such termination date or (ii) the first date the Employee is covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions. Should the Company's provision of such continued health care coverage result in the recognition of taxable income (whether for federal, state or local income tax purposes) by the Employee or his spouse or other eligible dependent, then the Employee and his spouse and dependents shall each be responsible for the payment of the income and employment tax liability resulting from such coverage, and the Company will not provide any tax gross-up payments to the Employee (or any other person) with respect to such income and employment tax liability.

(v) The Company shall make a lump sum cash payment, not to exceed \$5,000, to cover the cost of any other benefits to which the Employee would have been entitled under Section 3.2 of this Agreement had he continued in employment for an additional one hundred eighty (180) days following such termination date. Such payment shall be made to the Employee within the 60-day period following the Employee's separation from service on which the requisite Release is effective following any applicable revocation period.

(vi) The payment to the Employee of the amounts payable under this Section 5.1(b) shall constitute the sole remedy of the Employee in the event of a termination of the Employee's employment under the circumstances set forth in this Section 5.1(b). The Employee shall not be entitled to any payments under this Section 5.1(b) unless and until the Employee executes a mutual general release and waiver (a "Release") in a form reasonably satisfactory to the CEO of the Company or the Board.

5.2 Section 409A. Certain payments contemplated by this Restated Agreement may be “deferred compensation” for purposes of Section 409A of the Code. Accordingly, the following provisions shall be in effect for purposes of avoiding or mitigating any adverse tax consequences to the Employee under Code Section 409A.

(a) It is the intent of the parties that the provisions of this Agreement comply with all applicable requirements of Code Section 409A. Accordingly, all provisions of this Agreement shall be interpreted and applied in a manner that does not result in a violation of the applicable requirements or limitations of Code Section 409A and the applicable Treasury Regulations thereunder and such provisions shall be amended to comply with Code Section 409A and the applicable Treasury Regulations thereunder.

(b) Notwithstanding any provision to the contrary in this Agreement, no payments or benefits to which the Employee may become entitled under Section 5.1(b) shall be made or provided to him prior to the *earlier* of (i) the expiration of the six (6)-month period measured from the date of his separation from service with the Company (as determined in accordance with the provisions of Code Section 409A and the final Treasury Regulations thereunder), or (ii) the date of his death, provided that the Employee is deemed, at the time of such separation from service, to be a “key employee” within the meaning of that term under Code Section 416(i) and is deemed, pursuant to the procedures established by the Compensation Committee (in accordance with the applicable standards of Code Section 409A and the Treasury Regulations thereunder) and applied on a consistent basis for all non-qualified deferred compensation plans of the “employer group” (as determined in accordance with the provisions of Code Sections 414(b) and (c) and the final Treasury Regulations thereunder) subject to Code Section 409A, to be a “specified employee” at the time of such separation from service and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). Upon the expiration of the applicable Code Section 409A(a)(2) deferral period, all payments and benefits deferred pursuant to this Section 5.2(b) (whether they would have otherwise been payable in a single sum or in installments in the absence of such deferral) shall be paid or reimbursed to the Employee in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. The specified employees subject to such a delayed commencement date shall be identified on December 31 of each calendar year. If the Employee is so identified on any such December 31, he shall have specified employee status for the twelve (12)-month period beginning on April 1 of the following calendar year.

5.3 Survival. The provisions of Sections 5.1(b), 5.2, 5.3, 6, 7.2, 8.3, 8.5 and 8.9 shall survive the termination of this Agreement.

6. Non-Competition and Non-Solicitation. The Employee shall execute, if not previously executed and still in effect, simultaneously with the execution of this Agreement, or otherwise upon the request of the Company, the Company’s customary form of Non-Competition and Non-Solicitation Agreement and form of Invention Assignment and Confidential Information Agreement, substantially in the forms attached hereto as Exhibit A and Exhibit B, respectively.

7. Other Agreements.

7.1 Prior Agreements. The Employee represents that his performance of all the terms of this Agreement and the performance of his duties as an employee of the Company do not and will not breach any agreement with any prior employer or other party to which the Employee is a party (including without limitation any nondisclosure or non-competition agreement). Any agreement to which the Employee is a party relating to nondisclosure, non-competition or non-solicitation of employees or customers is listed on Schedule A attached hereto.

7.2 Executive Retention Agreement. Upon execution of this Agreement, the Company and the Employee shall enter into the Executive Retention Agreement attached hereto as Exhibit C; provided, however, that if the Employee is terminated for any reason, and such termination triggers a payment (including benefits) to the Employee pursuant to the Executive Retention Agreement, then the Employee shall receive payments (including benefits) solely pursuant to the Executive Retention Agreement and not pursuant to this Agreement.

8. Miscellaneous.

8.1 Notices. Any notice delivered under this Agreement shall be deemed duly delivered four (4) business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after it is sent for next-business day delivery via a reputable nationwide overnight courier service, in each case to the address of the recipient set forth on the signature page hereto. Either party may change the address to which notices are to be delivered by giving notice of such change to the other party in the manner set forth in this Section 8.1.

8.2 Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns and pronouns shall include the plural, and vice versa.

8.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter of this Agreement.

8.4 Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Employee.

8.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (without reference to the conflicts of laws provisions thereof). Any action, suit or other legal proceeding arising under or relating to any provision of this Agreement shall be commenced only in a court of the Commonwealth of Pennsylvania (or, if appropriate, a federal court located within the Commonwealth of Pennsylvania), and the Company and the Employee each

consents to the jurisdiction of such a court. The Company and the Employee each hereby irrevocably waive any right to a trial by jury in any action, suit or other legal proceeding arising under or relating to any provision of this Agreement.

8.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of both parties and their respective successors and assigns, including any corporation with which, or into which, the Company may be merged or which may succeed to the Company's assets or business; provided, however, that the obligations of the Employee are personal and shall not be assigned by him. Notwithstanding the foregoing, if the Company is merged with or into a third party which is engaged in multiple lines of business, or if a third party engaged in multiple lines of business succeeds to the Company's assets or business, then for purposes of this Agreement, the term "Company" shall mean and refer to the business of the Company as it existed immediately prior to such event and as it subsequently develops and not to the third party's other businesses.

8.7 Waivers. No delay or omission by the Company in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by the Company on any one occasion shall be effective only in that instance and shall not be construed as a bar or waiver of any right on any other occasion.

8.8 Captions. The captions of the sections of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any section of this Agreement.

8.9 Severability. In case any provision of this Agreement shall be invalid, illegal or otherwise unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

[*Signature Page Follows*]

THE EMPLOYEE ACKNOWLEDGES THAT HE HAS CAREFULLY READ THIS AGREEMENT, HAS HAD A FULL OPPORTUNITY TO REVIEW THIS AGREEMENT AND HAS CONSULTED WITH COUNSEL AND UNDERSTANDS AND AGREES TO ALL OF THE PROVISIONS IN THIS AGREEMENT.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth above.

BIO-IMAGING TECHNOLOGIES, INC.

By: /s/ Mark L. Weinstein
Name: Mark L. Weinstein
Title: President & CEO
Address: 826 Newtown-Yardley Road
Newtown, Pennsylvania 18940

EMPLOYEE

/s/ Peter Benton 9/19/2008
Peter Benton
2 Hillard Lane
Gladstone, NJ 07934

Exhibit A
BIO-IMAGING TECHNOLOGIES, INC.
EMPLOYEE
NON-COMPETITION AND NON-SOLICITATION
AGREEMENT

In consideration of my employment or continued employment by Bio-Imaging Technologies, Inc., a Delaware corporation (the "Company"), within the Company's wholly-owned subsidiary Phoenix Data Systems, Inc. ("PDS"), a Delaware corporation, I hereby represent and agree as follows:

1. I understand that the Company and its subsidiaries are engaged in a continuous program of research, development, production and marketing in connection with its business and that I have been hired to invent and create, or may acquire information with respect to scientific, technical and/or business innovations. References herein to the Company shall include PDS.

2. Covenant Not to Compete: Non-Solicitation.

(a) Non-Competition. During the period of my employment with the Company and for a period of one (1) year thereafter, I will not, either for myself or any other person or entity, directly or indirectly carry on or engage in any business competitive with that of the Company as of the date of the termination of my employment by the Company in any state or commonwealth of the United States or any country of the world in which the Company or any affiliate of the Company carries on or engages in the business of the Company. The business of the Company for these purposes shall include, without limitation, such specific technologies or products in which the Company shall, during the period of my employment, have initiated significant plans to develop. Carrying on or engaging in business on my part shall include the following activities: engaging in, working with, having an interest or concern in, advising, lending money to, guaranteeing the debts or obligations of, or permitting one's name to be used in connection with, an enterprise or endeavor, either individually, in partnership or in conjunction with any person or persons, firms, associations, companies or corporations, whether as a principal, agent, shareholder, employee, officer, director, partner, consultant or in any manner whatsoever (it is being understood that I will retain the right to invest in or have an interest in entities traded on any public market or offered by any national brokerage house, provided that such interest does not exceed five percent (5%) of the voting control of that entity).

(b) Non-Solicitation. During the period of my employment with the Company and for a period of one (1) year thereafter, I will not, either for myself or for any other person or entity, directly or indirectly (i) solicit, induce or attempt to induce any employee of the Company or of any affiliate of the Company to terminate his or her employment with the

Company or such affiliate or (ii) solicit or contact any customer or potential customer of the Company or any affiliate of the Company.

3. Other Agreements. I represent that my performance of all the terms of this Agreement and my duties as an employee of the Company will not breach any invention assignment agreement, confidential information agreement, non-competition agreement or other agreement with any former employer or other party. I represent that I will not bring with me to the Company, or use in the performance of my duties for the Company, any documents or materials of a former employer that are not generally available to the public.

4. Disclosure of this Agreement. I hereby authorize the Company to notify others, including, but not limited to, customers of the Company and any of my future employers, of the terms of this Agreement and my responsibilities hereunder.

5. Injunctive Relief and Enforcement. I understand that in the event of a breach or threatened breach of this Agreement by me the Company may suffer irreparable harm and will therefore be entitled to injunctive relief to enforce this Agreement. I also agree that if any court shall determine that any provision of this Agreement is unenforceable with respect to its term or scope then such provision shall nonetheless be enforceable by any such court upon such modified term or scope as may be determined by such court to be reasonable and enforceable.

6. Governing Law. I agree that this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

Date 9/25/2008

/s/ Peter Benton

Signature

Peter Benton

2 Hillard Lane

Gladstone, NJ 07934

Exhibit B
BIO-IMAGING TECHNOLOGIES, INC.
EMPLOYEE
INVENTION ASSIGNMENT AND CONFIDENTIAL
INFORMATION AGREEMENT

In consideration of my employment or continued employment by Bio-Imaging Technologies, Inc., a Delaware corporation (the “Company”), within the Company’s wholly-owned subsidiary Phoenix Data Systems, Inc. (“PDS”), a Delaware corporation, I hereby represent and agree as follows:

1. I understand that the Company and its subsidiaries are engaged in a continuous program of research, development, production and marketing in connection with its business and that I have been hired to invent and create, or may acquire information with respect to, scientific, technical and/or business innovations. References herein to the Company shall include PDS.
 2. Disclosure of Innovations. I agree to disclose in writing to the Company, all inventions, improvements and other innovations relating to the technology of the Company on which I worked during Company time or with Company assets that I may make, conceive, develop or reduce to practice, alone or jointly with others, during the term of my employment with the Company, whether or not they are related to my work for the Company and whether or not they are eligible for patent, copyright, trademark, trade secret or other legal protection (“Innovations”).
 3. Assignment of Ownership of Innovations. I agree that all Innovations will be the sole and exclusive property of the Company, and I hereby assign all my rights, or that the Company shall have no less than “shop rights” in the event of a limitation, in the Innovations and in all related patents, copyrights, trademarks, trade secrets, rights of priority and other proprietary rights to the Company. At the Company’s request and expense, during and after the period of my employment with the Company, and subsequent to my employment at the request of the Company, I will assist and cooperate with the Company in all respects and will execute documents, and, subject to my reasonable availability, give testimony and take further acts requested by the Company to obtain, maintain and enforce the protection of the Innovations. I hereby appoint the President of the Company as my attorney-in-fact to execute documents on my behalf for this purpose.
 4. Protection of Confidential Information of the Company. I understand that my work as an employee of the Company creates a relationship of trust and confidence between myself and the Company. During and after the period of my employment with the Company, I will not use or disclose, or allow anyone else to use or disclose, any “Confidential Information” (as defined below) relating to the Company, its products, suppliers or customers, except as may be necessary in the performance of my work for the Company or as may be authorized in advance by appropriate officers of the Company. “Confidential Information” shall include innovations, business strategies, financial information, forecasts, personnel information, customer lists, trade
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secrets and any other non-public technical or business information, whether in writing or given to me orally, which I know or have reason to know the Company would like to treat as confidential for any purpose, such as maintaining a competitive advantage or avoiding undesirable publicity. I will keep Confidential Information secret and will not allow any unauthorized use of the same, whether or not any document containing it is marked as confidential. These restrictions, however, will not apply to Confidential Information that has become known to the public generally through no fault or breach of mine or that the Company regularly gives to third parties without restriction on use or disclosure. Upon termination of my work with the Company, I will promptly deliver to the Company all documents and materials of any nature pertaining to my work with the Company, and I will not take with me any documents or materials or copies thereof containing any Confidential Information.

5. Other Agreements. I represent that my performance of all the terms of this Agreement and my duties as an employee of the Company will not breach any invention assignment agreement, confidential information agreement, non-competition agreement or other agreement with any former employer or other party. I represent that I will not bring with me to the Company, or use in the performance of my duties for the Company, any documents or materials of a former employer that are not generally available to the public.

6. Disclosure of this Agreement. I hereby authorize the Company to notify others, including, but not limited to, customers of the Company and any of my future employers, of the terms of this Agreement and my responsibilities hereunder.

7. Injunctive Relief and Enforcement. I understand that in the event of a breach or threatened breach of this Agreement by me the Company may suffer irreparable harm and will therefore be entitled to injunctive relief to enforce this Agreement. I also agree that if any court shall determine that any provision of this Agreement is unenforceable with respect to its term or scope, then such provision shall nonetheless be enforceable by any such court upon such modified term or scope as may be determined by such court to be reasonable and enforceable.

8. Governing Law. I agree that this Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

Date 9/25/2008

/s/ Peter Benton

Signature

Peter Benton

2 Hillard Lane

Gladstone, NJ 07934

Exhibit C

BIO-IMAGING TECHNOLOGIES, INC.

Executive Retention Agreement

THIS EXECUTIVE RETENTION AGREEMENT (this "Agreement") by and between Bio-Imaging Technologies, Inc., a Delaware corporation (the "Company"), and Peter Benton (the "Executive") is made as of September 30, 2008 (the "Effective Date").

WHEREAS, the Executive is a party to an Employment Agreement with the Company effective as of the Effective Date (the "Employment Agreement"), and

WHEREAS, the Company and the Executive desire to enter into this Agreement;

NOW, THEREFORE, as an inducement for and in consideration of the Executive remaining in its employ, the Company agrees that the Executive shall receive the severance benefits set forth in this Agreement in the event the Executive's employment with the Company is terminated under the circumstances described below in connection with a Change in Control (as defined in Section 1.1).

1. Key Definitions.

As used herein, the following terms shall have the following respective meanings:

1.1 "Change in Control" means an event or occurrence set forth in any one or more of subsections (a) through (d) below (including an event or occurrence that constitutes a Change in Control under one of such subsections but is specifically exempted from another such subsection):

(a) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) more than 50% of either (x) the total fair market value of the then-outstanding shares of the Company's stock (the "Outstanding Company Stock") or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition of securities directly from the Company (excluding an acquisition pursuant to the exercise, conversion or exchange of any security exercisable for, convertible into or exchangeable for common stock or voting securities of the Company, unless the Person exercising, converting or exchanging such security acquired such security directly from the Company or an underwriter or agent of the Company), (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i) and (ii) of subsection (c) of this Section 1.1; or

(b) a change in the composition of the Board over a period of twelve (12) months or less such that the Continuing Directors (as defined below) fail to constitute a majority of the Board (or, if applicable, the Board of Directors of a successor corporation to the Company), where the term “Continuing Director” means at any date a member of the Board (i) who was a member of the Board on the date of the execution of this Agreement or (ii) who was nominated or elected subsequent to such date by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election; provided, however, that there shall be excluded from this clause (ii) any individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents, by or on behalf of a person other than the Board; or

(c) the consummation of a merger, consolidation, reorganization, recapitalization or statutory share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company in one or a series of related transactions over a 12-month period (a “Business Combination”), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (i) all or substantially all of the individuals and entities who were the beneficial owners of the Company’s outstanding common stock (the “Company Outstanding Common Stock”) and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation which as a result of such transaction owns the Company or substantially all of the Company’s assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the “Acquiring Corporation”) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively; and (ii) no Person (excluding any employee benefit plan (or related trust) maintained or sponsored by the Company or by the Acquiring Corporation) beneficially owns, directly or indirectly, 50% or more of the then outstanding shares of common stock of the Acquiring Corporation, or of the combined voting power of the then-outstanding securities of such corporation entitled to vote generally in the election of directors (except to the extent that such ownership existed prior to the Business Combination); or

(d) a complete liquidation or dissolution of the Company approved by the stockholders of the Company.

1.2 “Change in Control Date” means the first date during the Term (as defined in Section 2) on which a Change in Control occurs.

1.3 “Cause” means:

(a) the Executive’s willful and continued failure to substantially perform his reasonable assigned duties as an officer of the Company (other than any such failure

resulting from incapacity due to physical or mental illness or any failure after the Executive gives notice of termination for Good Reason), which failure is not cured within 30 days after a written demand for substantial performance is received by the Executive from the Board of Directors of the Company which specifically identifies the manner in which the Board of Directors believes the Executive has not substantially performed the Executive's duties; or

(b) the conviction of the Executive of, or the entry of a pleading of guilty or nolo contendere by the Executive to, any crime involving moral turpitude or any felony; or

(c) the Executive's commission of dishonesty or gross negligence which is materially and demonstrably injurious to the Company; or

(d) the Executive's willful engagement in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Company; or

(e) any material breach by the Executive of this Agreement or any employment agreement and related agreements with the Company, including, but not limited to, any non-competition or non-solicitation provision, which breach is not cured within 30 days after a written notice of such breach is received by the Executive from the Board of Directors of the Company, which specifically identifies such breach.

For purposes of this Section 1.3, no act or failure to act by the Executive shall be considered "willful" unless it is done, or omitted to be done, in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company.

Notwithstanding the foregoing, if the Executive has an effective employment agreement with the Company that contains a definition of "Cause" for purposes of termination of the Executive's employment with the Company, the definition of "Cause" contained in such effective employment agreement shall be used in this Agreement.

1.4 "Good Reason" means the occurrence, without the Executive's written consent, of any of the events or circumstances set forth in clauses (a) through (g) below. Notwithstanding the occurrence of any such event or circumstance, such occurrence shall not be deemed to constitute Good Reason if, prior to the Date of Termination specified in the Notice of Termination (each as defined in Section 3.2(a)) given by the Executive in respect thereof, such event or circumstance has been fully corrected and the Executive has been reasonably compensated for any losses or damages resulting therefrom (provided that such right of correction by the Company shall only apply to the first Notice of Termination for Good Reason given by the Executive):

(a) the assignment to the Executive of duties materially inconsistent with the Executive's authority or responsibilities taken as a whole in effect immediately prior to the earliest to occur of (i) the Change in Control Date, (ii) the date of the execution by the Company of the initial written agreement or instrument providing for the Change in Control or (iii) the date of the adoption by the Board of Directors of a resolution providing for the Change in Control (with the earliest to occur of such dates referred to herein as the "Measurement

Date”), or any other action or omission by the Company which results in a material diminution in such position, authority or responsibilities; or

(b) a reduction in the Executive’s annual base salary as in effect on the Measurement Date; or

(c) the failure by the Company to (i) continue in effect any material compensation or benefit plan or program (including without limitation any life insurance, medical, health and accident or disability plan and any vacation or automobile program or policy) (a “Benefit Plan”) in which the Executive participates or which is applicable to the Executive immediately prior to the Measurement Date, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan, a lump sum payment or increase in compensation) has been made with respect to such plan or program, (ii) continue the Executive’s participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive’s participation relative to other participants, than the basis existing immediately prior to the Measurement Date or (iii) award cash bonuses to the Executive in amounts and in a manner substantially consistent with past practice in light of the Company’s financial performance; or

(d) a change by the Company in the location at which the Executive performs his principal duties for the Company to a new location that is outside a radius of 50 miles from the Executive’s principal residence and outside a radius of 25 miles from the location at which the Executive performed his principal duties for the Company immediately prior to the Measurement Date; or

(e) the failure of the Company to obtain the agreement from any successor to the Company to assume and agree to perform this Agreement, as required by Section 6.1; or

(f) a purported termination of the Executive’s employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3.2(a); or

(g) any material breach by the Company of this Agreement or any employment agreement with the Executive, which breach is not cured within 30 days after a written notice of such breach is received by the Company from the Executive, which specifically identifies such breach.

The Executive’s right to terminate his employment for Good Reason shall not be affected by his incapacity due to physical or mental illness.

1.5 “Disability” means the Executive’s absence from the full-time performance of the Executive’s duties with the Company for 180 consecutive calendar days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and reasonably acceptable to the Executive or the Executive’s legal representative, which consent shall not be unreasonably withheld.

1.6 “Code” means the Internal Revenue Code of 1986, as amended.

2. Term of Agreement. This Agreement, and all rights and obligations of the parties hereunder, shall take effect upon the Effective Date and shall expire upon the first to occur of (a) the termination of the Executive's employment with the Company more than 60 days prior to the Change in Control Date, (b) the date 24 months after the Change in Control Date, if the Executive is still employed by the Company as of such later date, or (c) the fulfillment by the Company of all of its obligations under Sections 4 and 5.2 and 5.3 if the Executive's employment with the Company terminates within the period from 60 days prior to the Change in Control Date to 24 months following the Change in Control Date.

3. Employment Status; Termination Following Change in Control.

3.1 Not an Employment Contract. The Executive acknowledges that this Agreement does not constitute a contract of employment or impose on the Company any obligation to retain the Executive as an employee and that this Agreement does not prevent the Executive from terminating employment at any time.

3.2 Termination of Employment.

(a) If the Change in Control Date occurs during the Term, any termination of the Executive's employment by the Company or by the Executive within 24 months following the Change in Control Date (other than due to the death of the Executive) shall be communicated by a written notice to the other party hereto (the "Notice of Termination"), given in accordance with Section 7. Any Notice of Termination shall: (i) indicate the specific termination provision (if any) of this Agreement relied upon by the party giving such notice, (ii) to the extent applicable, set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) specify the Date of Termination (as defined below). The effective date of an employment termination shall be (i) the close of business on the date specified in the Notice of Termination (which date may not be less than 15 days or more than 120 days after the date of delivery of such Notice of Termination) in the case of a termination by the Company or by the Executive within 24 months following the Change in Control, (ii) in the case of a termination due to the Executive's death, the date of the Executive's death, and (iii) in the case of the Executive's termination prior to the Change in Control, the date of such termination. In the event the Company fails to satisfy the requirements of Section 3.2(a) regarding a Notice of Termination, the purported termination of the Executive's employment pursuant to such Notice of Termination shall not be effective for purposes of this Agreement.

(b) If a Change in Control Date occurs during the 60 days after the termination of the Executive's employment by the Company, the Company shall give the Executive notice of such Change in Control.

(c) The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting any such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(d) Any Notice of Termination for Cause given by the Company must be given within 90 days of the discovery by the Board of the occurrence of the event(s) or circumstance(s) that constitute(s) Cause. Prior to any Notice of Termination for Cause being given (and prior to any termination for Cause being effective), the Executive shall be entitled to a hearing before the Board of Directors of the Company at which he may, at his election, be represented by counsel and at which he shall have a reasonable opportunity to be heard. Such hearing shall be held on not less than 15 days prior written notice to the Executive stating the Board of Directors' intention to terminate the Executive for Cause and stating in detail the particular event(s) or circumstance(s) which the Board of Directors believes constitutes Cause for termination.

(e) Any Notice of Termination for Good Reason given by the Executive must be given within 90 days of the discovery by the Executive of the occurrence of the event(s) or circumstance(s) that constitute(s) Good Reason.

4. Benefits to Executive.

4.1 Stock Acceleration. If the Executive's employment is terminated by the Company other than for Cause, or the Executive terminates his employment for Good Reason, during the Pre-Closing Period or at any time thereafter during the remainder (if any) of the Term, then, effective upon such termination of employment, (a) each outstanding option to purchase shares of Common Stock of the Company held at that time by the Executive shall become immediately exercisable in full and shares of Common Stock of the Company received upon exercise of any options will no longer be subject to a right of repurchase by the Company, and (b) each outstanding restricted stock award shall be deemed to be fully vested and will no longer be subject to a right of repurchase by the Company. Each option shall remain so exercisable until the expiration date of the option term or (if earlier) the termination of that option in accordance with the provisions of the applicable stock option agreement. For purposes of this Section 4.1, the Pre-Closing Period means the period commencing with the Company's execution of the definitive agreement for a Change in Control transaction and ending upon the earlier of (i) the closing of the Change in Control contemplated by such definitive agreement or (ii) the termination of such definitive agreement without the consummation of the contemplated Change in Control.

4.2 Compensation. If the Change in Control Date occurs during the Term and the Executive's employment with the Company terminates within the period from 60 days prior to the Change in Control Date to 24 months following the Change in Control Date, the Executive shall be entitled to the following benefits:

(a) Termination Without Cause or for Good Reason. If the Executive's employment with the Company is terminated by the Company (other than for Cause, Disability or death) or by the Executive for Good Reason within the period from 60 days prior to the Change in Control Date to 24 months following the Change in Control Date, then, subject to Section 4.2(a)(v) below, the Executive shall be entitled to the following benefits:

(i) The Company shall pay to the Executive in cash the aggregate of the following amounts:

(1) The Company shall make a lump sum cash payment to the Executive equal to (A) the Executive's base salary through the Date of Termination, (B) the product of (x) the greater of (i) Executive's largest annual bonus for the most recently completed three (3) fiscal years and (ii) the Executive's target annual bonus at time of termination and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (C) any accrued vacation pay, in each case to the extent not previously paid (the sum of the amounts described in clauses (A) and (C) shall be hereinafter referred to as the "Accrued Obligations" and the dollar amount described in clause (B) shall be hereinafter referred to as the "Pro-Rata Bonus"). Payment of the Accrued Obligations shall be made on the Date of Termination, and the payment of the Pro-Rata Bonus shall be made on the 30th day following the later of the Executive's Separation from Service or the Change in Control Date (the "Applicable Date") or as soon as administratively practicable following such scheduled payment date, but in no event later than the close of the calendar year in which the Applicable Date occurs or (if later) the 15th day of the third calendar month following that date.

(2) Any compensation deferred on behalf of the Executive on the Date of Termination or the Change in Control Date under any deferred compensation plan subject to Section 409A of the Internal Revenue Code, as amended (the "Code"), shall be paid at the time or times specified for payment pursuant to the provisions of such plan.

(3) The Company shall, in a series of 18 successive equal monthly installments pursuant to the Company's normal payroll practices, pay in cash to the Executive an amount equal to (A) 1.5 multiplied by (B) the sum of (x) the greater of (i) the Executive's annual base salary for the most recently completed fiscal year or (ii) the Executive's current annual base salary at the time of termination and (y) the greater of (i) Executive's largest annual bonus for the most recently completed three (3) fiscal years and (ii) the Executive's target annual bonus at time of termination. The first such installment shall be paid on the 30th day following the Applicable Date or as soon as administratively practicable following such scheduled payment date, but in no event later than the close of the calendar year in which the Applicable Date occurs or (if later) the 15th day of the third calendar month following that date.

(ii) For a period not to exceed 18 months measured from the Applicable Date, the Company shall, if the Executive elects under Code Section 4980B to continue health care coverage under the Company's group health plan for himself, his spouse and his eligible dependents following the Date of Termination, provide such continued health care coverage at the Company's expense; provided, however, that such coverage at the Company's expense shall immediately terminate on the date the Executive is first covered under another employer's health benefit program which provides substantially the same level of benefits without exclusion for pre-existing medical conditions. Such health care coverage shall be at the same level and provide the same type of benefits as would have been provided to them if the Executive's employment had not been terminated and they had continued to be covered under the applicable Benefit Plans in effect on the Measurement Date or, if more favorable to the Executive and his family, in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies. Such continued health care coverage shall be provided pursuant to the provisions of this subparagraph (ii) even if such coverage

extends beyond the period of statutorily-required coverage under Code Section 4980B, but subject to earlier termination in accordance with the above proviso relating to coverage under another employer's plan. In the event the Company's provision of such continued health care coverage results in the recognition of taxable income (whether for federal, state or local income tax purposes) by the Executive or his spouse or other eligible dependent, then the Executive and his spouse and dependents shall each be responsible for the payment of the income and employment tax liability resulting from such coverage, and the Company will not provide any tax gross-up payments to the Executive (or any other person) with respect to such income and employment tax liability. To the extent the health coverage under this Subparagraph (ii) is to be provided through a self-funded program maintained by the Company, the Executive shall directly pay for the costs to obtain such health coverage and shall, within 30 days after each periodic payment for a reimbursable health care expense under this Section 4.2, submit appropriate evidence of such payment to the Company for reimbursement, and the Company shall pay such reimbursement on the 30th day following receipt of the submission. During the period such health care coverage remains in effect hereunder, the following provisions shall govern the arrangement: (a) the amount of the costs eligible for reimbursement in any one calendar year of such coverage shall not affect the amount of the costs eligible for reimbursement in any other calendar year for which such reimbursement is to be provided hereunder; (ii) no costs shall be reimbursed after the close of the calendar year following the calendar year in which those costs were incurred; and (iii) the Executive's right to the reimbursement of such costs cannot be liquidated or exchanged for any other benefit. To the extent the reimbursed health care costs constitute taxable income to the Executive, the Company shall report the reimbursement as taxable W-2 wages and collect the applicable withholding taxes, and any remaining tax liability shall be the Executive's sole responsibility.

In the event that the Executive's Date of Termination occurs prior to the Change in Control Date, then the period of coverage hereunder shall be reduced by the period from the Executive's Date of Termination to the Change in Control Date.

(iii) To the extent not previously paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive following the Executive's termination of employment under any plan, program, policy, practice, contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits"). Each of the Other Benefits shall be paid or provided as they become due and payable in one or more installments under the applicable plan or arrangement.

(iv) For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits to which the Executive is entitled, the Executive shall be considered to have remained employed by the Company until 18 months after the Date of Termination.

(v) Notwithstanding the foregoing, if the Executive breaches any ongoing obligation with the Company (by way of example and not by way of limitation, any breach of a non-competition or non-solicitation provision with the Company), and such breach is not cured within 30 days of written notice of such breach received by the Executive from the

Company, then the Company shall no longer be required to provide any of the benefits set forth in this Section 4.2(a) above.

(b) Termination More Than 60 Days Prior to Change in Control. If (a) a Change in Control occurs, (b) the Executive's employment with the Company is terminated more than 60 days prior to the date on which the Change in Control occurs, and (c) it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or in anticipation of a Change in Control, then the Executive shall receive the payments and benefits set forth in Section 4.2(a), subject to Section 4.2(a)(v).

(c) Resignation without Good Reason; Termination for Death or Disability. If the Executive voluntarily terminates his employment with the Company within the period from 60 days prior to the Change in Control Date to 24 months following the Change in Control Date, excluding a termination for Good Reason, or if the Executive's employment with the Company is terminated by reason of the Executive's death or Disability within the period from 60 days prior to the Change in Control Date to 24 months following the Change in Control Date, then the Company shall (i) pay the Executive (or his estate, if applicable), in a lump sum in cash on the Date of Termination, the Accrued Obligations, (ii) pay the Executive (or his estate, if applicable) the Pro-Rated Bonus in a lump sum in cash on the 30th day following the Applicable Date or as soon as administratively practicable following such scheduled payment date, but in no event later than the close of the calendar year in which the Applicable Date occurs or (if later) the 15th day of the third calendar month following that date, and (iii) pay or provide to the Executive the Other Benefits in accordance with same payment and due date provisions in effect under subparagraph (iii) of Section 4.2(a). In addition, any vested compensation deferred on behalf of the Executive under any deferred compensation plan subject to Code Section 409A shall be paid at the time or times specified for payment pursuant to the provisions of such plan.

(d) Termination for Cause. If the Company terminates the Executive's employment with the Company for Cause within the period from 60 days prior to the Change in Control Date to 24 months following the Change in Control Date, then the Company shall (i) pay the Executive, in a lump sum in cash on the Date of Termination, the Accrued Obligations and (ii) timely pay or provide to the Executive the Other Benefits in accordance with same payment and due date provisions in effect under subparagraph (iii) of Section 4.2(a). In addition, any vested compensation deferred on behalf of the Executive under any deferred compensation plan subject to Code Section 409A shall be paid at the time or times specified for payment pursuant to the provisions of such plan.

4.3 Section 409A. Certain payments contemplated by this Agreement may be "deferred compensation" for purposes of Section 409A of the Code. Accordingly, the following provisions shall be in effect for purposes of avoiding or mitigating any adverse tax consequences to the Executive under Code Section 409A.

(a) It is the intent of the parties that the provisions of this Agreement comply with all applicable requirements of Code Section 409A. Accordingly, to the extent there is any ambiguity as to whether any provisions of this Agreement would otherwise contravene

one or more requirements or limitations of Code Section 409A, then such provisions shall be interpreted and applied in a manner that does not result in a violation of the applicable requirements or limitations of Code Section 409A and the applicable Treasury Regulations thereunder. If any federal legislation is enacted during the term of this Agreement which imposes a dollar limit on deferred compensation, then the Executive will co-operate with the Company in restructuring any items of compensation under this Agreement that are deemed to be deferred compensation subject to such limitation; provided such restructuring shall not reduce the dollar amount of any such item or adversely affect the vesting provisions applicable to such item or otherwise reduce the present value of that item.

(b) Notwithstanding any provision to the contrary in this Agreement, no payments or benefits to which the Executive may become entitled under Section 4 or Section 5.3 of this Agreement shall be made or provided to him prior to the *earlier* of (i) the expiration of the six (6)-month period measured from the date of the Executive's Separation from Service or (ii) the date of his death, if the Executive is deemed, pursuant to the procedures established by the Compensation Committee in accordance with the applicable standards of Code Section 409A and the Treasury Regulations thereunder and applied on a consistent basis for all non-qualified deferred compensation plans of the Employer Group subject to Code Section 409A, to be a "specified employee" at the time of such Separation from Service and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). Upon the expiration of the applicable Code Section 409A(a)(2) deferral period, all payments and benefits deferred pursuant to this Section 4.3 (whether they would have otherwise been payable in a single sum or in installments in the absence of such deferral) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. The specified employees subject to such a delayed commencement date shall be identified on December 31 of each calendar year. If the Executive is so identified on any such December 31, he shall have specified employee status for the twelve (12)-month period beginning on April 1 of the following calendar year. For purposes of this Agreement, including (without limitation) this Section 4.3(b), the following definitions shall be in effect:

(i) "**Separation from Service**" shall mean the date on which the level of the Executive's bona fide services as an Employee (or non-employee consultant) permanently decreases to a level that is not more than twenty percent (20%) of the average level of services the Executive rendered as an Employee during the immediately preceding thirty-six (36) months (or any shorter period of such Employee service). Any such determination, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Code Section 409A. In addition to the foregoing, a Separation from Service will not be deemed to have occurred while the Executive is on a sick leave or other bona fide leave of absence if the period of such leave does not exceed six (6) months or any longer period for which the Executive's right to reemployment with the Company is provided by either statute or contract; provided, however, that in the event of a leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than six (6) months and that causes the Executive to be unable to perform his duties as an Employee, no Separation from Service shall be deemed to occur during the first twenty-nine (29) months of such leave. If the period of the leave exceeds six (6) months

(or twenty-nine (29) months in the event of disability as indicated above) and the Executive is not provided with a right to reemployment by either statute or contract, then the Executive will be deemed to have Separated from Service on the first day immediately following the expiration of the applicable six (6)-month or twenty-nine (29)-month period.

(ii) The Executive shall be deemed to remain an “**Employee**” for so long he remains in the employ of at least one member of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

(iii) “**Employer Group**” shall mean the Company and each member of the group of commonly controlled corporations or other businesses that include the Company, as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) for purposes of determining the controlled group of corporations under Section 414(b), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in such sections, and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase “at least 50 percent” shall be used instead of “at least 80 percent” each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations.

4.4 Taxes.

(a) Notwithstanding any other provision of this Agreement, except as set forth in Section 4.4(b), in the event that the Company undergoes a “Change in Ownership or Control” (as defined below), the Company shall not be obligated to provide to the Executive a portion of any “Contingent Compensation Payments” (as defined below) that the Executive would otherwise be entitled to receive to the extent necessary to eliminate any “excess parachute payments” (as defined in Section 280G(b)(1) of the Internal Revenue Code of 1986, as amended (the “Code”)) for the Executive. For purposes of this Section 4.4, the Contingent Compensation Payments so eliminated shall be referred to as the “Eliminated Payments” and the aggregate amount (determined in accordance with Proposed Treasury Regulation Section 1.280G-1, Q/A-30 or any successor provision) of the Contingent Compensation Payments so eliminated shall be referred to as the “Eliminated Amount.” To the extent any such elimination is required, the dollar amount of the Executive’s cash severance under Section 4.2 of this Agreement (other than the Pro-Rata Bonus) will be reduced first, with such reduction to be effected pro-rata as to each payment, then the dollar amount of the Executive’s Pro-Rata Bonus shall be reduced next the number of options or other equity awards that are to vest on an accelerated basis pursuant to Section 4.1 of this Agreement shall be reduced (based on the value of the parachute payment resulting from such acceleration) in the same chronological order in which awarded, and finally the Executive’s remaining benefits will be reduced in a manner that not result in any impermissible deferral or acceleration of benefits under Section 409A of the Code.

(b) Notwithstanding the provisions of Section 4.4(a), no such reduction in Contingent Compensation Payments shall be made if (i) the Eliminated Amount (computed without regard to this sentence) exceeds (ii) 110% of the aggregate present value (determined in accordance with Proposed Treasury Regulation Section 1.280G-1, Q/A-31 and

Q/A-32 or any successor provisions) of the amount of any additional taxes that would be incurred by the Executive if the Eliminated Payments (determined without regard to this sentence) were paid to him (including, state and federal income taxes on the Eliminated Payments, the excise tax imposed by Section 4999 of the Code payable with respect to all of the Contingent Compensation Payments in excess of the Executive's "base amount" (as defined in Section 280G(b)(3) of the Code), and any withholding taxes). The override of such reduction in Contingent Compensation Payments pursuant to this Section 4.4(b) shall be referred to as a "Section 4.4(b) Override." For purpose of this paragraph, if any federal or state income taxes would be attributable to the receipt of any Eliminated Payment, the amount of such taxes shall be computed by multiplying the amount of the Eliminated Payment by the maximum combined federal and state income tax rate provided by law.

(c) For purposes of this Section 4.4 the following terms shall have the following respective meanings:

(i) "Change in Ownership or Control" shall mean a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company determined in accordance with Section 280G(b)(2) of the Code.

(ii) "Contingent Compensation Payment" shall mean any payment (or benefit) in the nature of compensation that is made or made available (under this Agreement or otherwise) to a "disqualified individual" (as defined in Section 280G(c) of the Code) and that is contingent (within the meaning of Section 280G(b)(2)(A)(i) of the Code) on a Change in Ownership or Control of the Company.

(d) Any payments or other benefits otherwise due to the Executive following a Change in Ownership or Control that could reasonably be characterized (as determined by the Company) as Contingent Compensation Payments (the "Potential Payments") shall not be made until the dates provided for in this Section 4.4(d). Within 30 days after the Applicable Date, the Company shall determine and notify the Executive (with reasonable detail regarding the basis for its determinations) (i) which Potential Payments constitute Contingent Compensation Payments, (ii) the Eliminated Amount and which Contingent Compensation Payments or portions thereof (the aggregate amount of which, determined in accordance with Proposed Treasury Regulation Section 1.280G-1, Q/A-30 or any successor provision, shall be equal to the Eliminated Amount) shall be treated as Eliminated Payments and (iii) whether the Section 4.4(b) Override is applicable. Within 30 days after delivery of such notice to the Executive, the Executive shall deliver a response to the Company (the "Executive Response") stating either (A) that he agrees with the Company's determination pursuant to the preceding sentence shall be treated as Eliminated Payments or (B) that he disagrees with such determination, in which case he shall set forth (i) which Potential Payments should be characterized as Contingent Compensation Payments, (ii) the Eliminated Amount, (iii) whether the Section 4.4(b) Override is applicable, and (iv) which (if any) Contingent Compensation Payments, or portions thereof (the aggregate amount of which, determined in accordance with Proposed Treasury Regulation Section 1.280G-1, Q/A-30 or any successor provision, shall be equal to the Eliminated Amount, if any), shall be treated as Eliminated Payments in accordance with Section 4.4(a). In the event that the Executive fails to deliver an Executive Response on or before the required date, the Company's initial determination shall be final and the Contingent

Compensation Payments that shall be treated as Eliminated Payments shall be determined by the Company in its absolute discretion in accordance with Section 4.4(a), and the remaining Potential Payments to which the Executive is entitled shall be paid in accordance with the same payment date provisions in effect for payments which become due under the following sentence, except that the scheduled payment shall be the third business day following the expiration of the 30-day notice period for the Executive's Response. If the Executive states in the Executive Response that he agrees with the Company's determination, the Company shall make each of the Potential Payments to the Executive on the third business day following delivery to the Company of the Executive Response or as soon as administratively practicable following such scheduled payment date, but in no event later than the close of the calendar year in which the scheduled payment occurs or (if later) the 15th day of the 3rd calendar month following such scheduled payment date; provided, however, that any Potential Payments which are not due to be made until after such date shall be made on the date on which they are due. If the Executive states in the Executive Response that he disagrees with the Company's determination, then, for a period of 60 days following delivery of the Executive Response, the Executive and the Company shall use good faith efforts to resolve such dispute. If such dispute is not resolved within such 60-day period, such dispute shall be settled exclusively by arbitration in Philadelphia, Pennsylvania, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. The Company shall pay to the Executive each of those Potential Payments as to which there is no dispute between the Company and the Executive regarding whether they should be made, with such payment to be made on the third business day following delivery to the Company of the Executive Response or as soon after that scheduled payment date as administratively practicable, but in no event later than the close of the calendar year in which such scheduled payment date occurs or (if later) the 15th day of the 3rd calendar month following such scheduled payment date; provided, however, that any Potential Payments which are not due to be made until after such date shall be made on the date on which they are due. The balance of the Potential Payments shall be made on the third business day following the resolution of such dispute or as soon as administratively practicable following such scheduled payment date, but in no event later than the close of the calendar year in which the dispute is resolved. Subject to the limitations contained in Sections 4.4(a) and (b) hereof, the amount of any payments to be made to the Executive following the resolution of such dispute shall be increased by amount of the accrued interest thereon computed at the prime rate announced from time to time by Citibank, N.A., compounded monthly from the date that such payments originally were due.

(e) The provisions of this Section 4.4 are intended to apply to any and all payments or benefits available to the Executive under this Agreement or any other agreement or plan of the Company under which the Executive receives Contingent Compensation Payments.

4.5 Mitigation. The Executive shall not be required to mitigate the amount of any payment or benefits provided for in this Section 4 by seeking other employment or otherwise.

5. Disputes .

5.1 Settlement of Disputes; Arbitration. All claims by the Executive for benefits under this Agreement shall be directed to and determined by the Board of Directors of the Company and shall be in writing. Any denial by the Board of Directors of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Board of Directors shall afford a reasonable opportunity to the Executive for a review of the decision denying a claim. Any further dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in Philadelphia, Pennsylvania, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

5.2 Expenses. The Company agrees to pay as incurred, to the full extent permitted by law, all legal, accounting and other fees and expenses which the Executive may reasonably incur as a result of any claim or contest (so long as a court of competent jurisdiction renders a final order, decree or judgment in favor of the Executive, and after the time for appeal has expired and no appeal has been perfected for such final order, decree or judgment) by the Company, the Executive or others regarding the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive regarding the amount of any payment or benefits pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Code.

5.3 Compensation During a Dispute. If the Change in Control Date occurs during the Term and the Executive's employment with the Company terminates within the period from 60 days prior to the Change in Control Date to 24 months following the Change in Control Date, and the right of the Executive to receive benefits under Section 4 (or the amount or nature of the benefits to which he is entitled to receive) are the subject of a dispute between the Company and the Executive, the Company shall continue (a) to pay to the Executive his base salary in effect as of the Measurement Date and (b) to provide benefits to the Executive and the Executive's family at least equal to those which would have been provided to them, if the Executive's employment had not been terminated, in accordance with the applicable Benefit Plans in effect on the Measurement Date, until such dispute is resolved either by mutual written agreement of the parties or by an arbitrator's award pursuant to Section 5.1. Following the resolution of such dispute, the sum of the payments made to the Executive under clause (a) of this Section 5.3 shall be deducted from any cash payment which the Executive is entitled to receive pursuant to Section 4; and if such sum exceeds the amount of the cash payment which the Executive is entitled to receive pursuant to Section 4, the excess of such sum over the amount of such payment shall be repaid (without interest) by the Executive to the Company within three (3) business days following the resolution of such dispute.

6. Successors.

6.1 Successor to Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain an assumption of this

Agreement at or prior to the effectiveness of any succession shall be a breach of this Agreement and shall constitute Good Reason if the Executive elects to terminate employment, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as defined above and any successor to its business or assets as aforesaid which assumes and agrees to perform this Agreement, by operation of law or otherwise.

6.2 Successor to Executive. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amount would still be payable to the Executive or his family hereunder if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

7. Notice. All notices, instructions and other communications given hereunder or in connection herewith shall be in writing. Any such notice, instruction or communication shall be sent either (i) by registered or certified mail, return receipt requested, postage prepaid, or (ii) prepaid via a reputable nationwide overnight courier service, in each case addressed to the Company, at 826 Newtown-Yardley Road, Newtown, Pennsylvania 18940, and to the Executive at the Executive's address indicated on the signature page of this Agreement (or to such other address as either the Company or the Executive may have furnished to the other in writing in accordance herewith). Any such notice, instruction or communication shall be deemed to have been delivered five business days after it is sent by registered or certified mail, return receipt requested, postage prepaid, or one business day after it is sent via a reputable nationwide overnight courier service. Either party may give any notice, instruction or other communication hereunder using any other means, but no such notice, instruction or other communication shall be deemed to have been duly delivered unless and until it actually is received by the party for whom it is intended.

8. Miscellaneous.

8.1 Employment by Subsidiary. For purposes of this Agreement, the Executive's employment with the Company shall not be deemed to have terminated solely as a result of the Executive continuing to be employed by a wholly-owned subsidiary of the Company.

8.2 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

8.3 Injunctive Relief. The Company and the Executive agree that any breach of this Agreement by the Company is likely to cause the Executive substantial and irrevocable damage and therefore, in the event of any such breach, in addition to such other remedies which may be available, the Executive shall have the right to specific performance and injunctive relief.

8.4 Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the internal laws of the Commonwealth of Pennsylvania, without regard to conflicts of law principles.

8.5 Waivers. No waiver by the Executive at any time of any breach of, or compliance with, any provision of this Agreement to be performed by the Company shall be deemed a waiver of that or any other provision at any subsequent time.

8.6 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but both of which together shall constitute one and the same instrument.

8.7 Tax Withholding. Any payments provided for hereunder shall be subject to the Company's collection of the any applicable tax withholding required under federal, state or local law, and the Executive shall only be entitled to the amount of each payment remaining the applicable withholding taxes have been collected.

8.8 Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

8.9 Amendments. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Executive.

8.10 Executive's Acknowledgements. The Executive acknowledges that he or she: (a) has read this Agreement; (b) has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of the Executive's own choice or has voluntarily declined to seek such counsel; (c) understands the terms and consequences of this Agreement; and (d) understands that the law firm of Morgan, Lewis & Bockius LLP is acting as counsel to the Company in connection with the transactions contemplated by this Agreement, and is not acting as counsel for the Executive.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

BIO-IMAGING TECHNOLOGIES, INC.

By: /s/ Mark L. Weinstein

Name: Mark L. Weinstein

Title: President & CEO

EXECUTIVE

/s/ Peter Benton 9/19/2008

Name: Peter Benton

Address: 2 Hillard Lane
Gladstone, NJ 07934

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark L. Weinstein, President and Chief Executive Officer of BioClinica, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BioClinica, 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 registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 registrant 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 registrant, 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 principles;
 - c) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Dated: August 6, 2009

/s/ Mark L. Weinstein

Mark L. Weinstein
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ted I. Kaminer, Executive Vice President of Finance and Administration and Chief Financial Officer of BioClinica, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BioClinica, 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 registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer 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 registrant 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 registrant, 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 principles;
 - c) Evaluated the effectiveness of the registrant'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 registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant'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 registrant'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 registrant's internal control over financial reporting.

Dated: August 6, 2009

/s/ Ted I. Kaminer

Ted I. Kaminer
Executive Vice President of Finance and
Administration and Chief Financial Officer
(Principal Financial and Accounting Officer)

CERTIFICATION 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 Quarterly Report on Form 10-Q of BioClinica, Inc. (the "Company") for the quarter ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Mark L. Weinstein, President and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, 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 BioClinica, Inc.

Dated: August 6, 2009

/s/ Mark L. Weinstein*

Mark L. Weinstein, President and Chief
Executive Officer
(Principal Executive Officer)

* A signed original of this written statement required by Section 906 has been provided to us and will be retained by us and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION 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 Quarterly Report on Form 10-Q of BioClinica, Inc. (the "Company") for the quarter ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Ted I. Kaminer, Executive Vice President of Finance and Administration and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, 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 BioClinica, Inc.

Dated: August 6, 2009

/s/ Ted I. Kaminer*
Ted I. Kaminer, Executive Vice President of Finance and
Administration and Chief Financial Officer
(Principal Financial and Accounting Officer)

* A signed original of this written statement required by Section 906 has been provided to us and will be retained by us and furnished to the Securities and Exchange Commission or its staff upon request.