

Enzo Biochem, Inc. (ENZ/NYSE) Φ
Recommendation: **Strong Buy (1)**

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Price (as of close 03/30/01)	\$15.80
52 Week Range	\$13.66 – \$99.22
Shares Out (Diluted 01/31/01)	28.169MM
Market Cap.	\$445.07MM
Avg. Daily Volume	298,876
Book Value/Share	\$3.14
Cash/Share	\$1.91

EPS(Dil) FY7/31	2000A	2001E	2002E	2003E
October	\$0.06A	\$0.06A	\$0.05A	\$0.53A
January	\$0.05A	\$0.06A	\$0.05E	\$0.57E
April	\$0.07A	\$0.04E	\$0.05E	\$0.57E
July	<u>\$0.06A</u>	<u>\$0.04E</u>	<u>\$0.05E</u>	<u>\$0.58E</u>
Total	\$0.24A	\$0.20E	\$0.20E	\$2.23E
P/E	65.8x	79x	79x	7.2x

Φ HCFP/Brenner Securities makes a market in this security.

20th Consecutive Positive Quarter

We Reassert Our Strong Buy (1) and Adjust Our 12-18 Month Price Target to \$42

Enzo Biochem, Inc. reported 2Q01 results for the fiscal quarter ended January 31, 2001. Operating revenues increased 20%, to \$13.9 million, compared with \$11.6 million in the corresponding period during fiscal 2000. Pre-tax income rose 77.8%, to \$2.8 million, compared with \$1.6 million for the second quarter period in fiscal 2000. Net income, reflecting an approximately 44% income tax rate, increased to \$1.6 million, or \$0.06 per share, diluted, compared to \$1.5 million, or \$0.05 per share, diluted, in the corresponding fiscal 2000 period when the tax rate was 3%. The higher tax rate reflects an anticipated sharp reduction in available tax loss carry forwards. In the fiscal first half, revenues advanced 19.7%, to \$27.7 million, compared with \$23.2 million a year ago. Pre-tax net income for the first half rose 81.5%, to \$5.8 million, compared with \$3.2 million for the same period during fiscal 2000. Net income increased 6.6%, to \$3.2 million, or \$0.12 per share, diluted, compared with \$3.0 million, or \$0.11 per share, diluted, a year ago. The fiscal 2001 first half tax rate approximated 44%, versus 5% a year ago.

The company exceeded our revenue estimates by approximately \$1 million but due to the combined impact of increased expenditures incurred in the process of bringing their innovative new therapeutics through the clinical trials and the increased tax rate net earnings for the quarter undershot our estimates by \$0.03 per share – our 2Q01 EPS was \$0.09.

Highlights:

- Gross margins for the life sciences products increased from 59% for the period in the previous year to 67% for 2Q01.
- Enzo Biochem posted a increase in research and development expenditures to 7% of revenues or \$1.6 million.
- At January 31, 2001, working capital amounted to \$78 million, including cash and cash equivalents of \$54 million.
- The continuing strength of life science/diagnostics products reinforces the depth and breadth of Enzo's patent estate, reagent products, and non-radioactive marker business. Enzo is uniquely positioned to capitalize on the emerging genomic nucleotide sequence identification research market. In particular, the non-radioactive labeling and detection marker market is a continually enlarging market as the revolution unleashed by the human genome project is finding purchase through different technologies and research efforts. Additionally Enzo's patent estate is such that ensures that all technologies employing non-radioactive markers must gain permission from Enzo in order to link any labeling or detection marker to any of the four nucleotides that comprise human DNA. Current estimates for the number of genes comprising the human genome have been sharply reduced to a number under 30,000. This new appreciation of the human genome extends the performance complexity of human DNA such that it is now clear that there is a much greater interactivity and chaos between nucleotides (or genes) in the manufacturing development of the human animal than was previously understood. This very complexity increases the need for a much increased use of labeling and detection products such as Enzo's BioArray™ product line. Industry figures anticipate geometric growth for this market over the near term expanding from a mere \$500 million in 2000 to an anticipated \$5 billion by 2003. The 25% increase in 2Q01 revenues from Enzo's Life Sciences division reflects this particular market growth.

The information contained herein is based on sources which we believe to be reliable but is not guaranteed by us and is not considered to be all inclusive. It is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. The firm and/or its individual shareholders and/or members of their families may have a position in the securities mentioned and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the firm from time to time in the open market or otherwise. Opinions expressed are our present opinions only and are subject to change without notice. HCFP / BRENNER SECURITIES may also perform or seek to perform investment banking for entities referred to herein.

- Enzo currently has underway a Phase II clinical trial of the Company's proprietary medicine, EHT899, for treating individuals with chronic hepatitis B virus (HBV) infections. The Company has also begun enrolling subjects in a Phase I double-pronged human clinical trial to test, EHC18, its proprietary broad-spectrum immune regulation medicine for individuals with hepatitis C virus infection. Enzo expects relatively shortly to begin enrolling additional subjects with hepatitis C- associated hepatocellular carcinoma (liver cancer).
- Enzo anticipates commencing additional expanded clinical trials of HGTV43, the Company's HIV-1 gene medicine product by mid-calendar 2001. The Phase I studies, as previously reported, demonstrated that all subjects tolerated the procedure well and that in each case the transduced cells engrafted, propagated and were producing new differentiated CD4+ cells to fight the virus. These subjects continue to be monitored. Recently the Company successfully presented one of its protocols related to one arm of its HGTV43 clinical trials to the National Institutes of Health Recombinant DNA Advisory Committee and is proceeding to move forward.

On balance we assert that the company is on target or exceeding our estimates for business development of market sectors, its research and development pace, and its identified milestones. We would be remiss were we to not address both the market conditions in general and the extent to which the recent 80% devaluation of the NASDAQ index has influenced the biotechnology sector and the trading valuations of companies such as Enzo Biochem, Inc. Enzo is one of a larger group of companies (even though Enzo shares are traded on the NYSE and not the NASDAQ) which market valuation has suffered in consequence of events external to both the company's activities and the evolution of the various markets which these companies serve, currently or in prospect.

Enzo, by way of example, continues to perform as expected; reporting its 20th consecutive quarter of positive earnings and growing revenues within each of its business vectors. We have reported in our initiating coverage that the breakup value of the company as an operating concern, incorporating existing unfolding real revenue markets, lies in the \$30-\$50 per share range. Clearly the company is currently undervalued on this assessment alone.

To wit, there is a distinct divergence between the market trading value of Enzo publicly traded shares and the fact of the company as a profitable enterprise. And this appreciation of the inherent value of Enzo excludes the prospective success and revenue presaged by its research and development pipeline; which current active target markets include treatments for HIV-1, hepatitis B virus (HBV), hepatitis C virus, and hepatitis C- associated hepatocellular carcinoma (liver cancer).

In light of the impact on company valuations of the recent downturn in the markets, we have adjusted our valuations to reflect the following factors among others:

- the solid business efforts of the company, supported by a 25 year ongoing management success record,
- the risks associated with bringing revolutionary treatment technology and products to market,
- the extent to which the health care market place is mature, expanding, or declining; the demand for the end result or output of biotechnology companies engaged in product discovery, development, and distribution,
- the natural cycles of the equity markets.

We reaffirm our Strong Buy (1) rating and reduce our 12-18 month price target from \$111 to \$42.

We are compelled to add that in the event the company achieves its targeted goals and the equity markets climate settles in at long-term historic levels, then we would revise our current adjusted expectations and revisit our prior estimates.

Enzo Biochem, Inc.
Quarterly Income Statement
(Fiscal Year Ending July 31, in millions except per share amounts)

	FY99 Actual	1Q00 Actual	2Q00 Actual	3Q00 Actual	4Q00 Actual	FY00 Actual	1Q01 Actual	2Q01 Actual	3Q01 Est.	4Q01 Est.	FY01 Est.	1Q02 Est.	2Q02 Est.	3Q02 Est.	4Q02 Est.	FY02 Est.
REVENUE																
Clinical Laboratory Services	\$28.059	\$7.280	\$7.409	\$7.862	\$8.924	\$31.475	\$8.494	\$8.669	\$8.226	\$8.562	\$33.951	\$8.827	\$9.197	\$9.344	\$9.566	\$36.934
Research Products Sales	\$16.279	\$4.332	\$4.155	\$4.717	\$5.350	\$18.554	\$5.365	\$5.194	\$6.362	\$6.503	\$23.424	\$7.771	\$8.097	\$8.227	\$8.422	\$32.516
Therapeutics	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
TOTAL OPERATING REVENUE	\$44.338	\$11.612	\$11.564	\$12.579	\$14.274	\$50.029	\$13.859	\$13.863	\$14.588	\$15.065	\$57.375	\$16.599	\$17.293	\$17.571	\$17.988	\$69.450
COST OF REVENUE																
Cost of Clinical Laboratory services	\$8.285	\$2.057	\$1.943	\$2.206	\$2.300	\$8.506	\$2.075	\$2.081	\$1.975	\$2.055	\$8.186	\$2.128	\$2.217	\$2.253	\$2.306	\$8.905
Cost of Reasearch Products	\$7.884	\$1.921	\$1.684	\$1.781	\$2.136	\$7.522	\$1.843	\$1.714	\$2.540	\$2.636	\$8.733	\$2.670	\$2.672	\$3.284	\$3.414	\$12.040
Cost of Therapeutics	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
COST OF REVENUES	\$16.169	\$3.978	\$3.627	\$3.987	\$4.436	\$16.028	\$3.918	\$3.795	\$4.515	\$4.692	\$16.920	\$4.798	\$4.889	\$5.538	\$5.721	\$20.945
GROSS PROFIT	\$28.169	\$7.634	\$7.937	\$8.592	\$9.838	\$34.001	\$9.941	\$10.068	\$10.073	\$10.373	\$40.456	\$11.801	\$12.404	\$12.033	\$12.267	\$48.505
Gross Margin	63.5%	65.7%	68.6%	68.3%	68.9%	68.0%	71.7%	72.6%	69.1%	68.9%	70.5%	71.1%	71.7%	68.5%	68.2%	69.8%
OPERATING COST & EXPENSE																
Sales & Marketing	\$2.783	\$0.699	\$0.764	\$0.739	\$1.039	\$3.241	\$0.861	\$0.950	\$1.062	\$1.097	\$3.969	\$1.208	\$1.259	\$1.279	\$1.309	\$5.055
Research and Development	\$4.427	\$1.253	\$1.261	\$1.403	\$1.514	\$5.431	\$1.339	\$1.601	\$1.547	\$1.598	\$6.085	\$1.761	\$1.834	\$1.864	\$1.908	\$7.366
General & Administrative	\$5.645	\$1.684	\$1.745	\$1.653	\$1.945	\$7.027	\$1.875	\$1.770	\$1.988	\$2.053	\$7.686	\$2.262	\$2.356	\$2.394	\$2.451	\$9.463
Depreciation & Amortization	\$1.952	\$0.462	\$0.475	\$0.466	\$0.522	\$1.925	\$0.524	\$0.530	\$0.517	\$0.516	\$2.087	\$0.516	\$0.517	\$0.540	\$0.558	\$2.130
Provision For Doubtful Accounts	\$9.961	\$2.486	\$2.725	\$2.933	\$3.150	\$11.294	\$3.206	\$3.291	\$3.463	\$3.576	\$13.537	\$3.916	\$4.080	\$4.146	\$4.244	\$16.385
TOTAL OPERATING EXPENSE	\$24.768	\$6.584	\$6.970	\$7.194	\$8.170	\$28.918	\$7.805	\$8.142	\$8.577	\$8.840	\$33.364	\$9.662	\$10.046	\$10.223	\$10.470	\$40.401
Operating Income/(loss)	\$3.401	\$1.050	\$0.967	\$1.398	\$1.668	\$5.083	\$2.136	\$1.926	\$1.497	\$1.534	\$7.092	\$2.138	\$2.358	\$1.811	\$1.797	\$8.104
OPERATING INCOME/(LOSS)	\$3.401	\$1.050	\$0.967	\$1.398	\$1.668	\$5.083	\$2.136	\$1.926	\$1.497	\$1.534	\$7.092	\$2.138	\$2.358	\$1.811	\$1.797	\$8.104
Interest Income	\$1.984	\$0.564	\$0.608	\$0.635	\$0.778	\$2.585	\$0.851	\$0.875	\$0.762	\$0.736	\$3.224	\$0.723	\$0.648	\$0.720	\$0.662	\$2.754
NON-OPERATING INCOME/(EXPENSE)	\$1.984	\$0.564	\$0.608	\$0.635	\$0.778	\$2.585	\$0.851	\$0.875	\$0.762	\$0.736	\$3.224	\$0.723	\$0.648	\$0.720	\$0.662	\$2.754
TOTALPRETAX INCOME/(LOSS)	\$5.385	\$1.614	\$1.575	\$2.033	\$2.446	\$7.668	\$2.987	\$2.801	\$2.259	\$2.269	\$10.316	\$2.861	\$3.006	\$2.531	\$2.460	\$10.858
Income Tax Provision (Benefit)	(\$1.128)	\$0.097	\$0.055	\$0.030	\$0.862	\$1.044	\$1.314	\$1.200	\$0.994	\$0.998	\$4.506	\$1.259	\$1.323	\$1.114	\$1.082	\$4.778
NET INC/(LOSS) AVAIL.FOR COMMO	\$6.513	\$1.517	\$1.520	\$2.003	\$1.584	\$6.624	\$1.673	\$1.601	\$1.265	\$1.271	\$5.810	\$1.602	\$1.683	\$1.417	\$1.377	\$6.080
Net Income/(Loss)/Diluted Share	\$0.243	\$0.058	\$0.055	\$0.072	\$0.056	\$0.237	\$0.059	\$0.057	\$0.043	\$0.043	\$0.195	\$0.053	\$0.055	\$0.046	\$0.045	\$0.199
Average Shares Outstanding-Basic - (000)	25.157	26.333	26.359	26.338	26.46	26.597	26.935	26.954	28.302	28.302	27.623	28.302	28.302	28.302	28.302	28.302
Average Shares Outstanding-Diluted - (000)	26.751	28.013	27.787	27.787	28.335	27.981	28.316	28.169	29.577	29.577	29.818	30.497	30.497	30.497	30.497	30.497
Depreciation	\$1.864	\$0.469	\$0.475	\$0.466	\$0.522	\$1.932	\$0.524	\$0.530	\$0.517	\$0.516	\$2.087	\$0.516	\$0.517	\$0.540	\$0.558	\$2.130
ADJUSTED EBITDA	\$5.265	\$1.519	\$1.442	\$1.864	\$2.190	\$7.015	\$2.660	\$2.456	\$2.013	\$2.050	\$9.179	\$2.654	\$2.875	\$2.351	\$2.355	\$10.234
Cash Earnings/(Losses) Per Share*	\$0.313	\$0.071	\$0.072	\$0.089	\$0.074	\$0.306	\$0.078	\$0.076	\$0.060	\$0.060	\$0.265	\$0.069	\$0.072	\$0.064	\$0.063	\$0.269
As Reported:																
Pretax Income	\$5.385	\$1.614	\$1.575	\$2.033	\$2.446	\$7.668	\$2.987	\$2.801	\$2.259	\$2.269	\$10.316	\$2.861	\$3.006	\$2.531	\$2.460	\$10.858
Net Income/Loss from continuing opera	\$6.513	\$1.517	\$1.520	\$2.003	\$1.584	\$6.624	\$1.673	\$1.601	\$1.265	\$1.271	\$5.810	\$1.602	\$1.683	\$1.417	\$1.377	\$6.080
Earnings Per Share from continuing ope	\$0.243	\$0.054	\$0.055	\$0.072	\$0.056	\$0.237	\$0.059	\$0.057	\$0.043	\$0.043	\$0.195	\$0.053	\$0.055	\$0.046	\$0.045	\$0.199
Reported Earnings Per Share	\$0.243	\$0.054	\$0.055	\$0.072	\$0.056	\$0.237	\$0.059	\$0.057	\$0.043	\$0.043	\$0.195	\$0.053	\$0.055	\$0.046	\$0.045	\$0.199

* Cash EPS excl.: depreciation, amortization and other non-recurring items

** Adjusted numbers exclude amortization of stock based compensation

Source: Company Data & HCFP/Brenner Securities

The information contained herein is based on sources which we believe to be reliable but is not guaranteed by us and is not considered to be all inclusive. It is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. The firm and/or its individual shareholders and/or members of their families may have a position in the securities mentioned and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the firm from time to time in the open market or otherwise. Opinions expressed are our present opinions only and are subject to change without notice. HCFP / BRENNER SECURITIES may also perform or seek to perform investment banking for entities referred to herein.

Enzo Biochem, Inc.
Annual Income Statement
(Fiscal Year Ending July 31, in millions except per share amounts)

	1999 ^a		2000 ^a	y/y	2001	y/y	2002	y/y	2003	y/y	2004	y/y	2005	y/y	2006	y/y
	Actual		Actual	growth	Est.	growth	Est.	growth	Est.	growth	Est.	growth	Est.	growth	Est.	growth
REVENUE																
Clinical Laboratory Services	\$28.059		\$31.475	12%	\$33.951	7.9%	\$36.934	8.8%	\$40.627	10.0%	\$44.690	10.0%	\$49.159	-9%	\$54.075	10.0%
Research Products Sales	\$16.279		\$18.554	14.0%	\$23.424	26.2%	\$32.516	38.8%	\$37.394	15.0%	\$43.003	15.0%	\$49.453	-13.0%	\$56.871	15.0%
Therapeutics	\$0.000		\$0.000	0%	\$0.000	0.0%	\$0.000	0.0%	\$200.000	0.0%	\$230.000	15.0%	\$264.500	-13.0%	\$304.175	15.0%
TOTAL OPERATING REVENUE	\$44.338		\$50.029	12.8%	\$57.375	14.7%	\$69.450	21.0%	\$278.021	300.3%	\$317.693	14.3%	\$363.112	-12.5%	\$415.121	14.3%
COST OF REVENUE																
Cost of Clinical Laboratory services	\$8.285		\$8.506	2.7%	\$8.186	-3.8%	\$8.905	8.8%	\$9.796	10.0%	\$10.775	10.0%	\$11.853	-9.1%	\$13.038	10.0%
Cost of Research Products	\$7.884		\$7.522	-4.6%	\$8.733	16.1%	\$12.040	37.9%	\$13.846	15.0%	\$15.923	15.0%	\$18.312	-13.0%	\$21.058	15.0%
Cost of Therapeutics	\$0.000		\$0.000	0.0%	\$0.000	0.0%	\$0.000	0.0%	\$13.846	0.0%	\$15.923	15.0%	\$18.312	-13.0%	\$21.058	15.0%
COST OF REVENUES	\$16.169		\$16.028	-0.9%	\$16.920	5.6%	\$20.945	23.8%	\$37.488	79.0%	\$42.622	13.7%	\$48.476	-12.1%	\$55.155	13.8%
GROSS PROFIT	\$28.169		\$34.001	21%	\$40.456	19.0%	\$48.505	19.9%	\$240.533	395.9%	\$275.071	14.4%	\$314.636	-13%	\$359.966	14.4%
Gross Margin	63.5%		68.0%		70.5%		69.8%		86.5%		86.6%		86.6%		86.7%	
OPERATING COST & EXPENSE																
Sales & Marketing	\$2.783		\$3.241	16%	\$3.969	22.5%	\$5.055	27.4%	\$20.237	300.3%	\$23.125	14.3%	\$26.431	-13%	\$30.217	14.3%
Research and Development	\$4.427		\$5.431	22.7%	\$6.085	12.0%	\$7.366	21.1%	\$29.489	300.3%	\$33.697	14.3%	\$38.514	-12.5%	\$44.031	14.3%
General & Administrative	\$5.645		\$7.027	24.5%	\$7.686	9.4%	\$9.463	23.1%	\$37.884	300.3%	\$43.289	14.3%	\$49.478	-12.5%	\$56.565	14.3%
Depreciation & Amortization	\$1.952		\$1.925	-1.4%	\$2.087	8.3%	\$2.130	2.4%	\$2.911	39.3%	\$4.156	41.4%	\$5.377	30.1%	\$6.667	24.1%
Provision For Bad Debt	\$9.961		\$11.294	13.3%	\$13.537	19.8%	\$16.385	20.3%	\$32.797	170.4%	\$37.477	14.3%	\$42.834	-12.5%	\$48.970	12.1%
TOTAL OPERATING EXPENSE	\$24.768		\$28.918	16.8%	\$33.364	15.4%	\$40.401	21.1%	\$123.317	205.2%	\$141.743	14.9%	\$162.635	-12.8%	\$186.449	14.6%
Operating Income/(loss)	\$3.401		\$5.083	49.5%	\$7.092	39.5%	\$8.104	14%	\$117.216	1346%	\$133.328	13.7%	\$152.002	-12.4%	\$173.517	14.2%
OPERATING INCOME/(LOSS)	\$3.401		\$5.083	49.5%	\$7.092	39.5%	\$8.104	14%	\$117.216	1346%	\$133.328	13.7%	\$152.002	-12.4%	\$173.517	14.2%
Interest Income	\$1.984		\$2.585	30.2%	\$3.224	24.7%	\$2.754	-15.2%	\$4.393	39.9%	\$3.385	-22.5%	\$6.544	93.9%	\$10.260	48.2%
NON-OPERATING INCOME/(EXPENSE)	\$1.984		\$2.585	30.2%	\$3.224	24.7%	\$2.754	-15.2%	\$4.393	39.9%	\$3.385	-22.5%	\$6.544	93.9%	\$10.260	48.2%
TOTAL PRETAX INCOME/(LOSS)	\$5.385		\$7.668	42.4%	\$10.316	34.5%	\$10.858	5%	\$121.609	1020%	\$136.713	12.4%	\$158.546	-13.7%	\$183.778	15.9%
Income Tax Provision (Benefit)	(\$1.128)		\$1.044	102.4%	\$4.506	333.1%	\$4.778	6.0%	\$53.508	1122.4%	\$60.154	12.4%	\$69.760	15.0%	\$80.862	15.0%
NET INC/(LOSS) AVAIL. FOR COMMON	\$6.513		\$6.624	1.7%	\$5.810	-12.3%	\$6.080	5%	\$68.101	1020%	\$76.559	12.4%	\$88.786	-13.7%	\$102.915	15.9%
Net Income/(Loss)/Diluted Share	\$0.243		\$0.237	-2.8%	\$0.195	-17.7%	\$0.199	2%	\$2.233	1020%	\$2.510	12.4%	\$2.911	-13.7%	\$3.375	15.9%
Average Shares Outstanding-Basic - (000,000)	\$25.157		\$26.597	6.1%	\$27.623	3.8%	\$28.302	2.5%	\$28.302	0%	\$28.302	0%	\$28.302	0%	\$28.302	0%
Average Shares Outstanding-Diluted - (000,000)	\$26.751		\$27.981	4.6%	\$29.818	6.4%	\$30.497	2.3%	\$30.497	0%	\$30.497	0%	\$30.497	0%	\$30.497	0%
Depreciation	\$1.864		\$1.932	3.7%	\$2.087	8.0%	\$2.130	2.4%	\$2.911	37.0%	\$4.156	41.4%	\$5.377	30.1%	\$6.667	24.1%
Depreciation & Amortization	\$1.864		\$1.932	3.7%	\$2.087	8.0%	\$2.130	2.4%	\$2.911	37.0%	\$4.156	41.4%	\$5.377	30.1%	\$6.667	24.1%
ADJUSTED EBITDA	\$5.265		\$7.015	33.2%	\$9.179	31%	\$10.234	11.5%	\$120.127	1073.8%	\$137.484	14.4%	\$157.378	-12.7%	\$180.184	14%
Cash Earnings/(Losses) Per Share*	\$0.313		\$0.306	-2%	\$0.265	-13%	\$0.269	1.7%	\$2.328	764.9%	\$2.647	13.7%	\$3.088	-14.1%	\$3.593	16%
As Reported:																
Pretax Income	\$5.385		\$7.668	42.4%	\$10.316	34.5%	\$10.858	5%	\$121.609	1020%	\$136.713	12.4%	\$158.546	-13.7%	\$183.778	15.9%
Net Income/Loss from continuing operations	\$6.513		\$6.624	1.7%	\$5.810	-12.3%	\$6.080	5%	\$68.101	1020%	\$76.559	12.4%	\$88.786	-13.7%	\$102.915	15.9%
Reported Earnings Per Share	\$0.243		\$0.237	-2.8%	\$0.195	-17.7%	\$0.199	2%	\$2.233	1020%	\$2.510	12.4%	\$2.911	-13.7%	\$3.375	15.9%
SEGMENTS AS A % OF TOTAL REVENUE																
Clinical Laboratory Services	63.28%		62.91%		59.17%		53.18%		14.61%		14.07%		13.03%		13.03%	
Research Products Sales	36.72%		37.09%		40.83%		46.82%		13.45%		13.54%		13.70%		13.70%	
Therapeutics	0.00%		0.00%		0.00%		0.00%		71.94%		72.40%		73.27%		73.27%	
MARGINS																
Clinical Laboratory Services	70.47%		72.98%		75.89%		75.89%		75.89%		75.89%		75.89%		75.89%	
Research Products Sales	51.57%		59.46%		62.72%		62.97%		62.97%		62.97%		62.97%		62.97%	
Therapeutics	0.00%		0.00%		0.00%		0.00%		93.08%		93.08%		93.08%		93.08%	
COST OF REVENUES																
Sales & Marketing	36.47%		32.04%		29.49%		30.16%		13.48%		13.42%		13.29%		13.29%	
Research and Development	6.28%		6.48%		6.92%		7.28%		7.28%		7.28%		7.28%		7.28%	
General & Administrative	9.98%		10.86%		10.61%		10.61%		10.61%		10.61%		10.61%		10.61%	
Depreciation & Amortization	12.73%		14.05%		13.40%		13.63%		13.63%		13.63%		13.63%		13.63%	
Provision For Doubtful Accounts	4.40%		3.85%		3.64%		3.07%		1.05%		1.31%		1.49%		1.62%	
Operating Ratio	22.47%		22.57%		23.59%		23.59%		11.80%		11.80%		11.80%		11.80%	
Operating Ratio	55.86%		57.80%		58.15%		58.17%		44.36%		44.62%		44.80%		44.93%	
EBITDA	11.87%		14.02%		16.00%		14.74%		43.21%		43.28%		43.41%		43.41%	
EBIT	7.67%		10.16%		12.36%		11.67%		42.16%		41.97%		41.91%		41.78%	
Pretax margin	12.15%		15.33%		17.98%		15.63%		43.74%		43.03%		45.27%		45.39%	
Net Margin	14.69%		13.24%		10.13%		8.76%		24.49%		24.10%		25.35%		25.42%	

* Cash EPS excl.: depreciation, amortization, loan guaranty amortization and other non-recurring items

Source: Company Data & HCFP/Brenner Securities

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Enzo Biochem, Inc.
Balance Sheet And Cash Flow Statement
(Fiscal Year Ending July 31, in millions except per share amounts)

BALANCE SHEET	FY99 Actual	FY00 Actual	FY01 Est.	FY02 Est.	FY03 Est.	FY04 Est.	FY05 Est.	FY06 Est.
ASSETS								
Cash & Equivalents	\$43.220	\$51.027	\$50.120	\$55.432	\$124.540	\$184.343	\$254.446	\$335.523
Net Receivables	\$15.010	\$20.211	\$27.996	\$27.996	\$42.755	\$59.619	\$78.895	\$100.932
Inventory	\$1.430	\$1.799	\$1.888	\$1.999	\$2.000	\$1.999	\$1.977	\$2.761
Deferred Taxes	\$1.190	\$3.008	\$1.999	\$2.685	\$2.493	\$2.337	\$2.239	\$2.173
Other	\$0.850	\$1.071	\$1.369	\$1.720	\$2.314	\$3.541	\$5.164	\$7.277
TOTAL CURRENT ASSETS	\$61.700	\$77.116	\$83.372	\$89.832	\$174.102	\$251.839	\$342.722	\$448.666
Property, Plant & Equipment (Net)	\$2.824	\$2.803	\$2.371	\$3.213	\$6.319	\$12.846	\$19.680	\$26.973
Investments & Other Assets (Net)	\$8.560	\$8.193	\$8.408	\$8.829	\$9.270	\$9.734	\$10.220	\$10.731
Intangibles (net)	\$4.310	\$4.047	\$4.047	\$4.047	\$4.047	\$4.047	\$4.047	\$4.047
Other Assets	\$0.127	\$0.127	\$0.133	\$0.140	\$0.147	\$0.154	\$0.162	\$0.170
TOTAL ASSETS	\$78.910	\$92.286	\$98.332	\$106.060	\$193.885	\$278.621	\$376.831	\$490.587
LIABILITIES & STOCKHOLDERS EQUITY								
Accounts Payable	\$1.200	\$1.471	\$1.719	\$2.053	\$8.218	\$9.391	\$10.734	\$12.271
Accrued Expenses	\$0.870	\$0.677	\$1.456	\$1.738	\$6.959	\$7.952	\$9.089	\$10.391
Accrued Legal	\$0.300	\$0.665	\$1.125	\$1.764	\$6.429	\$11.794	\$17.963	\$25.058
Other		\$0.812	\$1.034	\$1.235	\$4.942	\$5.647	\$6.455	\$7.379
TOTAL CURRENT LIABILITIES	\$2.370	\$3.624	\$5.334	\$6.790	\$26.549	\$34.784	\$44.241	\$55.099
Other Liabilities		\$0.796		\$0.192	\$0.157	\$0.098	\$0.066	\$0.048
TOTAL LIABILITIES	\$3.260	\$5.109	\$5.334	\$6.982	\$26.706	\$34.882	\$44.307	\$55.147
TOTAL STOCKHOLDERS EQUITY	\$75.650	\$87.176	\$92.998	\$99.079	\$167.180	\$243.739	\$332.525	\$435.440
TOTAL LIABILITIES & STOCKHOLDERS EQUITY	\$78.910	\$92.286	\$98.332	\$106.061	\$193.885	\$278.621	\$376.831	\$490.587
CURRENT RATIO	\$26.034	\$21.277	15.629	13.230	6.558	7.240	7.747	8.143
WORKING CAPITAL	\$59.330	\$73.492	\$78.038	\$83.042	\$147.553	\$217.055	\$298.481	\$393.566
BOOK VALUE PER SHARE	\$2.836	\$3.009	\$3.143	\$3.358	\$5.764	\$8.469	\$11.606	\$15.243
RETURN ON AVERAGE EQUITY		\$0.071	\$0.064	\$0.063	\$0.512	\$0.373	\$0.308	\$0.268
RETURN ON AVERAGE CAPITAL		\$0.070	\$0.064	\$0.063	\$0.511	\$0.372	\$0.308	\$0.268
CASH FLOWS								
Cash Flows from Operations								
Consolidated Net Income	\$6.513	\$6.624	\$5.810	\$6.080	\$68.101	\$76.559	\$88.786	\$102.915
Depreciation & Amortization	\$1.864	\$1.932	\$2.087	\$2.130	\$2.911	\$4.156	\$5.377	\$6.667
Provision for Doubtful Accounts	\$0.333	\$1.333	\$2.243	\$2.849	\$16.411	\$4.680	\$5.358	\$6.135
Net Change in Working Capital	\$2.007	(\$5.649)	(\$8.407)	(\$1.504)	(\$11.413)	(\$13.308)	(\$15.156)	(\$18.097)
Net Cash Provided by Operating Activities	\$10.717	\$4.240	\$1.732	\$9.556	\$76.011	\$72.087	\$84.364	\$97.621
Cash Flows from Investing Activities								
Purchases of Property & Equipment	(\$1.138)	(\$0.799)	(\$1.655)	(\$2.972)	(\$6.017)	(\$10.683)	(\$12.211)	(\$13.960)
(Purchase)/Redemption of Investments, Net	(\$0.150)	\$0.367	(\$0.215)	(\$0.420)	(\$0.441)	(\$0.464)	(\$0.487)	(\$0.511)
Other		\$0.324	(\$0.780)	(\$0.852)	(\$0.444)	(\$1.137)	(\$1.564)	(\$2.073)
Net Cash Flows from Investing Activities	(\$1.288)	(\$0.562)	(\$2.650)	(\$4.244)	(\$6.902)	(\$12.284)	(\$14.262)	(\$16.544)
Cash Flows from Financing Activities:								
Proceeds from Equity Offering and Option Exercise	\$0.250	\$4.126	\$0.012	\$0.001				
Net Cash Flows From Financing Activities	\$0.250	\$4.126	\$0.012	\$0.001				
Effect of Exchange Rate Changes on Cash								
Net Change in Cash	\$9.679	\$7.804	(\$0.906)	\$5.312	\$69.108	\$59.803	\$70.103	\$81.077
Cash & Equivalents Beginning of Period	\$33.540	\$43.220	\$51.027	\$50.120	\$55.432	\$124.540	\$184.343	\$254.446
Cash & Equivalents End of Period	\$43.220	\$51.027	\$50.120	\$55.432	\$124.540	\$184.343	\$254.446	\$335.523

Source: Company Data & HCFP/Brenner Securities

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Enzo Biochem, Inc.
Discounted Cash Flow Valuation
(Fiscal Year Ending July 31, in millions except per share amounts)

	2000 Actual	2001 est.	2002 est.	2003 est.	2004 est.	2005 est.	2006 est.	
DCF Calculation								
Net Income	\$6.62	\$5.81	\$6.08	\$68.10	\$76.56	\$88.79	\$102.92	
(+) Depreciation & Amortization	\$1.93	\$2.09	\$2.13	\$2.91	\$4.16	\$5.38	\$6.67	
(-) Capital Expenditures	(\$0.56)	(\$2.65)	(\$4.24)	(\$6.90)	(\$12.28)	(\$14.26)	(\$16.54)	
(+) Changes in WC Components	(\$6.01)	(\$8.41)	(\$1.50)	(\$11.41)	(\$13.31)	(\$15.16)	(\$18.10)	
(=) Free Cash Flow	\$1.98	(\$3.16)	\$2.46	\$52.70	\$55.12	\$64.74	\$74.94	
Average Shares Out in Period	27.981	29.818	30.497	30.497	30.497	30.497	30.497	
(=) Free Cash Flow per Share	\$0.07	(\$0.11)	\$0.08	\$1.73	\$1.81	\$2.12	\$2.46	
Shareholder Value Calculation								
Terminal period FCF per share 2006	\$2.46	2006 FCF/Share x (1+Terminal Growth Rate		\$2.63				
Residual Discount Rate	12%							
(-) terminal growth rate	7%							
(=) Net Residual Discount Rate	5%							
Residual Value	\$52.59	0.51	0.57	0.64	0.71	0.80	0.89	1.00
		\$26.64	\$29.84	\$33.42	\$37.43	\$41.92	\$46.95	\$52.59
(+) Cumulative DCF at Year X		\$4.87	\$5.37	\$6.14	\$6.78	\$5.66	\$4.32	\$2.46
(+) Appl. Year Cash & Mkt Securities		\$1.82	\$1.68	\$1.82	\$4.08	\$6.04	\$8.34	\$11.00
(=) Total Shareholder Value		\$33.33	\$36.89	\$41.37	\$48.30	\$53.63	\$59.61	\$66.05
Shareholder Value per Share		\$33.33	\$36.89	\$41.37	\$48.30	\$53.63	\$59.61	\$66.05
Current Price		\$15.80	\$15.80	\$15.80	\$15.80	\$15.80	\$15.80	\$15.80
Px Premium/(Discount) to SV/S		-111.0%	-133.5%	-161.9%	-205.7%	-239.4%	-277.3%	-318.0%
Years Held		0	1	2	3	4	5	6
Rate of Return over Appl. Holding Period		0.0%	133.5%	61.8%	45.1%	35.7%	30.4%	26.9%
Source: Company Data & HCFP/Brenner Securities								

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