

BIO IMAGING TECHNOLOGIES INC
Form DEF 14A
April 28, 2003

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only

(as permitted by Rule 14a-6(e)(2))

- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

Bio-Imaging Technologies, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

BIO-IMAGING TECHNOLOGIES, INC.

826 Newtown-Yardley Road

Newtown, Pennsylvania 18940-1721

To Our Stockholders:

You are most cordially invited to attend the 2003 Annual Meeting of Stockholders of Bio-Imaging Technologies, Inc. at 9:00 A.M., local time, on Wednesday, May 28, 2003, at the Company's principal executive offices at 826 Newtown-Yardley Road, Newtown, Pennsylvania 18940-1721.

The Notice of Meeting and Proxy Statement on the following pages describe the matters to be presented to the meeting.

It is important that your shares be represented at this meeting to assure the presence of a quorum. Whether or not you plan to attend the meeting, we hope that you will have your stock represented by signing, dating and returning your proxy in the enclosed envelope, which requires no postage if mailed in the United States, *as soon as possible*. Your stock will be voted in accordance with the instructions you have given in your proxy.

Thank you for your continued support.

Sincerely,

Mark L. Weinstein

President and Chief Executive Officer

BIO-IMAGING TECHNOLOGIES, INC.

826 Newtown-Yardley Road

Newtown, Pennsylvania 18940-1721

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held May 28, 2003

The Annual Meeting of Stockholders (the Meeting) of Bio-Imaging Technologies, Inc., a Delaware corporation (the Company), will be held at the Company's principal executive offices at 826 Newtown-Yardley Road, Newtown, Pennsylvania, on Wednesday, May 28, 2003, at 9:00 A.M., local time, for the following purposes:

- (1) To elect eight directors to serve until the next Annual Meeting of Stockholders and until their respective successors shall have been duly elected and qualified;
- (2) To ratify the appointment of PricewaterhouseCoopers LLP as independent auditors for the year ending December 31, 2003; and
- (3) To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Holders of Common Stock, \$0.00025 par value, of record at the close of business on April 18, 2003 are entitled to notice of and to vote at the Meeting, or any adjournment or adjournments thereof. A complete list of such stockholders will be open to the examination of any stockholder at the Company's principal executive offices at 826 Newtown-Yardley Road, Newtown, Pennsylvania for a period of 10 days prior to the Meeting and will be available for examination at the Meeting. The Meeting may be adjourned from time to time without notice other than by announcement at the Meeting.

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER OF SHARES YOU MAY HOLD. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE. THE PROMPT RETURN OF PROXIES WILL ENSURE A QUORUM AND SAVE THE COMPANY THE EXPENSE OF FURTHER SOLICITATION. EACH PROXY GRANTED MAY BE REVOKED BY THE STOCKHOLDER APPOINTING SUCH PROXY AT ANY TIME BEFORE IT IS VOTED. IF YOU RECEIVE MORE THAN ONE PROXY CARD BECAUSE YOUR SHARES ARE REGISTERED IN DIFFERENT NAMES OR ADDRESSES, EACH SUCH PROXY CARD SHOULD BE SIGNED AND RETURNED TO ENSURE THAT ALL OF YOUR SHARES WILL BE VOTED.

By Order of the Board of Directors

William J. Thomas

Secretary

Newtown, Pennsylvania

April 28, 2003

The Company's 2002 Annual Report accompanies this Proxy Statement.

BIO-IMAGING TECHNOLOGIES, INC.

826 Newtown-Yardley Road

Newtown, Pennsylvania 18940-1721

PROXY STATEMENT

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Bio-Imaging Technologies, Inc. (the Company) of proxies to be voted at the Annual Meeting of Stockholders of the Company to be held on Wednesday, May 28, 2003 (the Meeting), at the Company's executive offices at 826 Newtown-Yardley Road, Newtown, Pennsylvania, at 9:00 A.M., local time, and at any adjournment or adjournments thereof. Holders of record of Common Stock, \$0.00025 par value (Common Stock), as of the close of business on April 18, 2003 will be entitled to notice of and to vote at the Meeting and any adjournment or adjournments thereof. As of that date, there were 8,676,077 shares of Common Stock issued and outstanding and entitled to vote. Each share of Common Stock is entitled to one vote on any matter presented at the Meeting. The aggregate number of votes entitled to be cast at the Meeting is 8,676,077.

If proxies in the accompanying form are properly executed and returned, the shares of Common Stock represented thereby will be voted in the manner specified therein. If not otherwise specified, the shares of Common Stock represented by the proxies will be voted: (i) FOR the election of the eight nominees named below as Directors; (ii) FOR the ratification of the appointment of PricewaterhouseCoopers LLP, as independent auditors for the year ending December 31, 2003; and (iii) in the discretion of the persons named in the enclosed form of proxy, on any other proposals which may properly come before the Meeting or any adjournment or adjournments thereof. Any stockholder who has submitted a proxy may revoke it at any time before it is voted, by written notice addressed to and received by the Secretary of the Company, by submitting a duly executed proxy bearing a later date or by electing to vote in person at the Meeting. The mere presence at the Meeting of the person appointing a proxy does not, however, revoke the appointment.

The presence, in person or by proxy, of holders of shares of Common Stock having a majority of the votes entitled to be cast at the Meeting shall constitute a quorum. The affirmative vote by the holders of a plurality of the shares of Common Stock represented at the Meeting is required for the election of directors, provided a quorum is present in person or by proxy. Provided a quorum is present in person or by proxy, all other actions proposed herein, other than the election of directors, may be taken upon the affirmative vote of stockholders possessing a majority of the voting power represented at the Meeting.

Abstentions are included in the shares present at the Meeting for purposes of determining whether a quorum is present, and are counted as a vote against for purposes of determining whether a proposal is approved. Broker non-votes (when shares are represented at the Meeting by a proxy specifically conferring only limited authority to vote on certain matters and no authority to vote on other matters) are included in the determination of the number of shares represented at the Meeting for purposes of determining whether a quorum is present but are not counted for purposes of determining whether a proposal has been approved and thus have no effect on the outcome.

This Proxy Statement, together with the related proxy card, is being mailed to the stockholders of the Company on or about April 28, 2003. The Annual Report to Stockholders of the Company for the fiscal year ended December 31, 2002 (Fiscal 2002), including financial statements (the Annual Report), is being mailed together with this Proxy Statement to all stockholders of record as of April 18, 2003. In addition, the Company has provided brokers, dealers, banks, voting trustees and their nominees, at the Company's expense, with additional copies of the Annual Report so that such record holders could supply such materials to beneficial owners as of April 18, 2003.

ELECTION OF DIRECTORS

At the Meeting, eight Directors are to be elected (which number shall constitute the entire Board of Directors of the Company) to hold office until the next Annual Meeting of Stockholders and until their successors shall have been elected and qualified.

It is the intention of the persons named in the enclosed form of proxy to vote the stock represented thereby, unless otherwise specified in the proxy, for the election as Directors of the persons whose names and biographies appear below. All of the persons whose names and biographies appear below are at present Directors of the Company. In the event any of the nominees should become unavailable or unable to serve as a director, it is intended that votes will be cast for a substitute nominee designated by the Board of Directors. The Board of Directors has no reason to believe that the nominees named will be unable to serve if elected. Each of the nominees has consented to being named in this Proxy Statement and to serve if elected.

The following are the nominees for election to the Board of Directors and all are current members of the Board of Directors:

| <u>Name</u> | <u>Age</u> | <u>Served as a Director Since</u> | <u>Position with the Company</u> |
|--------------------------|------------|---------------------------------------|---|
| Mark L. Weinstein | 50 | 1998 | President, Chief Executive Officer and Director |
| James A. Bannon, Pharm.D | 49 | 2002 | Director |
| Jeffrey H. Berg, Ph.D. | 59 | 1994 | Director |
| David E. Nowicki, D.M.D. | 51 | 1998 | Chairman of the Board and Director |
| Allan Rubenstein, M.D. | 58 | 2000 | Director |
| David M. Stack | 51 | 2000 | Director |
| Paula B. Stafford | 38 | 2001 | Director |
| James A. Taylor, Ph.D. | 63 | 1994 | Director |

The principal occupations and business experience, for at least the past five years, of each director and nominee is as follows:

Mr. Weinstein has been a Director of the Company since March 1998 and has served as the President and Chief Executive Officer of the Company since February 1998. Mr. Weinstein also served as the Chief Financial Officer of the Company from January 31, 2000 to February 18, 2003. Mr. Weinstein joined the Company in June 1997 as Senior Vice President, Sales and Marketing and was appointed Interim Chief Executive Officer in December 1997. Prior to joining the Company, from September 1996 to May 1997, he was the Chief Operating Officer of Internet Tradeline, Inc., an internet-based electronic solutions provider. From July 1991 to August 1996, Mr. Weinstein worked for Medical Economics Company, an international health care information company and wholly-owned division of The Thomson Corporation. He held several senior management positions at Medical Economics Company with his last position being President and Chief Operating Officer of the International Group.

Dr. Bannon has been a Director of the Company since February 2002 and has served as Corporate Senior Vice President, Clinical, Periapproval and Central Diagnostic Services, Covance, Inc. since April 2002. Prior to that, Dr. Bannon was Corporate Vice President, General Manager, Covance Periapproval Services, Inc., a subsidiary of Covance, Inc. (CPS), since 1995. Dr. Bannon has more than 23 years experience in healthcare and more than 20 years in medical research with an emphasis on periapproval research. Prior to joining CPS, Dr. Bannon has held various operational positions with the Philadelphia Association for Clinical Trials. He received his Bachelor of Science in Pharmacy and Doctor of Pharmacy degrees at the Philadelphia College of Pharmacy and Science (now the University of Sciences of Philadelphia).

Dr. Berg has been a Director of the Company since January 1994, has been an analyst for HCFP/Brenner Securities since May 2002 and has been President of Health Care Insights, a healthcare research and consulting firm, since March 1991. From September 1995 to May 2002, Dr. Berg was a senior research analyst for MH Meyerson, a brokerage firm. While President of Health Care Insights, from January 1994 to June 1995, Dr. Berg also served as a financial analyst for GKN Securities Corp. (GKN), an investment banking firm which served as the underwriter in the Company's June 1992 public offering, and was a financial analyst from March 1992 until December 1992 for The Chicago Corporation, a brokerage firm. Dr. Berg also is a member of the Board of Directors of Allou Health and Beauty Care, LifeQuestMedical, IMX Corporation and Biologix International and is a member of the Compensation Committees of Life Quest Medical and Allou Health and Beauty Care.

Dr. Nowicki has been a Director of the Company since July 1998 and was appointed Chairman of the Board of Directors of the Company in October 1999. Dr. Nowicki has had a private practice in periodontics and dental implants since September 1981. Dr. Nowicki received his DMD from the University of Medicine and Dentistry of New Jersey in 1976. He completed his postdoctoral training in Periodontology in 1978 and subsequently served on the postgraduate faculty of the University of Medicine and Dentistry of New Jersey as an associate clinical professor until 1994. He has lectured nationally about periodontology, computer imaging for implant surgery, and systems thinking in health care.

Dr. Rubenstein has been a Director of the Company since July 2000. Dr. Rubenstein is board certified in neurology and neuroimaging and is currently the Chairman of the Board of both The Cooper Companies, a NYSE listed medical products company, and University HeartScan, a private limited liability company. Dr. Rubenstein has been a Clinical Associate Professor of Neurology at Mount Sinai/NYU Medical Center in New York City since 1981 and a faculty member since 1974. Previously, Dr. Rubenstein was the founder and CEO of a privately held medical imaging company which he sold in 1987.

Mr. Stack has been a Director of the Company since January 2000. Mr. Stack is currently the President, Chief Executive Officer and Director for The Medicines Company, a publicly traded specialty pharmaceutical company (Nasdaq: MDCO). Since October 1998, Mr. Stack served as President and General Partner of Stack Pharmaceuticals Inc., a firm assisting emerging health care companies in the commercialization of their products. From May 1995 to December 1999, Mr. Stack served as the President and General Manager of Innovex Inc., responsible for the Americas. Innovex Inc. was a commercial solutions company offering a full range of marketing, sales and clinical research capabilities to pharmaceutical and biotechnology customers. From April 1993 to May 1995, Mr. Stack was the Vice President of Business Development and Marketing for Immunomedics, Inc., a biopharmaceutical company focused on the development, manufacture and commercialization of diagnostic imaging and therapeutic products for the detection and treatment of cancer and infectious diseases. From May 1992 to March 1993, Mr. Stack had been the Director of Business Development and Planning for Infectious Disease, Oncology and Virology of Roche Laboratories. Prior to that, he held various other positions with Roche Laboratories for approximately 11 years, and was a retail pharmacist for approximately 3 years after graduating from Albany College of Pharmacy.

Ms. Stafford has been a Director of the Company since November 2001 and has been the Executive Vice President, Scientific Operations, Clinical Development Services for Quintiles, Inc. since February 2000. From 1997 to 2000, Ms. Stafford was Head of Business Development for Quintiles CRO division in the Americas. Prior to that, Ms. Stafford had various roles within Quintiles and has more than 16 years experience in drug development. Ms. Stafford holds a Bachelor of Science and a Masters in Public Health, both from the University of North Carolina at Chapel Hill, with her specialization in Biostatistics.

Dr. Taylor has been a Director of the Company since October 1994, has been a partner at Merchant-Taylor International, Inc., a bio-pharmaceutical consulting firm, since May 1995 and has been President of Taylor Associates, a regulatory and product development consulting firm since October 1992. From 1987 to 1992, Dr. Taylor was Vice President and Chief Regulatory Officer of ImmunoGen Inc., a pharmaceutical company. From 1983 to 1987, he was Vice President, Regulatory Affairs of Carter-Wallace, Inc. Prior to that, Dr. Taylor was employed in various capacities by ICI Pharmaceuticals for four years and Pfizer Central Research for 12 years.

None of the Company's Directors are related to any other Director or to any executive officer of the Company.

Under a prior stock purchase agreement, the Company had agreed to take all actions necessary to nominate and cause the election to the Board of Directors of up to three designees of Covance, Inc., a substantial stockholder of the Company. Such obligation terminates at such time as Covance owns less than 200,000 shares of Common Stock. Covance has designated Dr. Bannon as a nominee for Director for the 2003 fiscal year. Covance has reserved all rights under its agreement with the Company for subsequent years.

On October 25, 2001, the Company consummated the acquisition of assets of the Intelligent Imaging business of Quintiles, Inc. (Intelligent Imaging), a North Carolina corporation and wholly-owned subsidiary of Quintiles Transnational Corp. (Quintiles). In connection with the above acquisition, the Company agreed to take all actions necessary to nominate and cause the election to the Board of Directors one individual designated by Quintiles until the 2003 Annual Meeting of Stockholders. Ms. Stafford currently is serving on the Board of Directors as such designee.

The Board of Directors has decided to renominate Ms. Stafford as a nominee for Director to serve until the 2004 Annual Meeting of Stockholders. Ms. Stafford, however, will not be serving as a designee of Quintiles during such time period.

The Board of Directors recommends that Stockholders vote FOR each of the nominees for the Board of Directors.

Committees and Meetings of the Board

There were five regular meetings of the Board of Directors during Fiscal 2002. During this period, each member of the Board of Directors attended more than 75% of the aggregate of: (i) the total number of meetings of the Board of Directors (held during the period for which such person has been a Director); and (ii) the total number of meetings held by all committees of the Board of Directors on which each such Director served (during the periods such Director served).

The Board of Directors has two standing committees: the Audit Committee and the Compensation/ISO Committee.

Compensation/ISO Committee. The Compensation/ISO Committee makes recommendations concerning salaries and incentive compensation for management and employees of the Company and administered the Company's 1991 Stock Option Plan, as amended (the 1991 Plan) and currently administers the 2002 Stock Incentive Plan (the 2002 Plan).

In addition, the Compensation Committee/ISO Committee reviews the potential effect of Section 162(m) periodically and uses its judgment to authorize compensation payments that may be subject to the limit when the Compensation Committee believes such payments are appropriate and in the best interests of the Company and its stockholders, after taking into consideration changing business conditions and the performance of our employees. Section 162(m) of the Internal Revenue Code of 1986, as amended, generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid to the company's CEO and the four other most highly compensated executive officers. Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if certain requirements are met. The Compensation/ISO Committee held three meetings in Fiscal 2002. The Compensation/ISO Committee is currently comprised of Drs.

Berg and Taylor.

Audit Committee. The primary responsibilities of the Audit Committee, as more fully set forth in the Audit Committee Charter adopted on September 1, 2000, as amended and restated on February 5, 2003 and attached hereto as *Appendix A*, include: (i) evaluating, and recommending to the Board of Directors the engagement of

the Company's independent auditors; (ii) reviewing the results of their audit findings; (iii) reviewing the Company's periodic reports filed with the Securities and Exchange Commission; and (iv) monitoring on a periodic basis the internal controls of the Company. During Fiscal 2002, the Audit Committee had been, and is currently, comprised of David E. Nowicki, D.M.D. and David M. Stack. On February 5, 2003, Paula B. Stafford was appointed to the Audit Committee. The Audit Committee held four (4) meetings in Fiscal 2002.

Each Audit Committee member is an independent member of the Board of Directors as defined in Section 121(A) of the American Stock Exchange Listing Standards, Policies and Requirements. As an independent director of the Board of Directors of the Company, each Audit Committee Member is not an officer or employee of the Company or its subsidiaries or does not have a relationship which, in the opinion of the Company's Board of Directors, would interfere with the exercise of independent judgement in carrying out the responsibilities of a director.

Report of the Audit Committee

The Audit Committee has furnished the following report:

To the Board of Directors of Bio-Imaging Technologies, Inc.:

The Audit Committee of the Company's Board of Directors is currently composed of three members and acts under a written charter adopted on September 1, 2000, and amended and restated on February 5, 2003. The current members of the Audit Committee are independent directors, as defined by its charter and the rules of the American Stock Exchange, and possess the financial sophistication required by such charter and rules. The Audit Committee held four meetings during 2002.

Management is responsible for the Company's financial reporting process including its system of internal controls and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. The Company's independent auditors are responsible for auditing those financial statements. The Audit Committee's responsibility is to monitor and review these processes. As appropriate, the Audit Committee reviews and evaluates, and discusses with the Company's management and the independent auditors, the following:

the plan for, and the independent auditors' report on, each audit of the Company's financial statements;

the independent auditor's review of the Company's unaudited interim financial statements;

the Company's financial disclosure documents, including all financial statements and reports filed with the Securities and Exchange Commission or sent to stockholders;

management's selection, application and disclosure of critical accounting policies;

changes in the Company's accounting practices, principles, controls or methodologies;

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significant developments or changes in accounting rules applicable to the Company; and

the adequacy of the Company's internal controls and accounting and financial personnel.

The Audit Committee reviewed and discussed with the Company's management the Company's audited financial statements for the year ended December 31, 2002, the audited financial statements for the three month transition period ended December 31, 2001 and the unaudited interim financial statements during the year ended December 31, 2002. The Audit Committee also reviewed and discussed the audited financial statements and the matters required by Statement on Auditing Standards No. 61, 89 and 90 (Communication with Audit Committees) with the Company's independent auditors. These standards require the Company's independent auditors to discuss with the Company's Audit Committee, among other things, the following:

methods used to account for significant unusual transactions;

the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus;

the process used by management in formulating particularly sensitive accounting estimates and the basis for the auditors' conclusions regarding the reasonableness of those estimates; and

disagreements with management over the application of accounting principles, the basis for management's accounting estimates and the disclosures in the financial statements.

The Company's independent auditors also provided the Audit Committee with the written disclosures and the letter required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees). Independence Standards Board Standard No. 1 requires auditors annually to disclose in writing all relationships that, in the auditor's professional opinion, may reasonably be thought to bear on independence, confirm their perceived independence and engage in a discussion of independence. In addition, the Audit Committee discussed with the independent auditors their independence from the Company. The Audit Committee also considered whether the independent auditors' provision of certain other non-audit related services to the Company is compatible with maintaining such auditors' independence.

Based on its discussions with management and the independent auditors, and its review of the representations and information provided by management and the independent auditors, the Audit Committee recommended to the Company's Board of Directors that the audited financial statements referred to above be included in the Company's Annual Report on Form 10-KSB.

By the Audit Committee of the Board of Directors of

Bio-Imaging Technologies, Inc.

(as currently constituted)

David E. Nowicki, D.M.D

Audit Committee Chairman

David M. Stack

Audit Committee Member

Paula B. Stafford

Audit Committee Member

Compensation of Directors

Each non-employee Director, except Dr. Bannon, received annual compensation for serving on the Board of Directors for Fiscal 2002 of \$10,000, except for Dr. Nowicki, the Chairman of the Board, who received \$15,000, which is to be paid in equal quarterly cash installments. In addition, each non-employee Director, except for Dr. Bannon, received 15,000 stock options, with an exercise price based on the fair market value of the Company's Common Stock on the date of grant, and such options shall vest one-twelfth (1/12) on each one-month anniversary from the date of grant. Moreover, such options are subject to a pro-rata reduction if a Director attends, with respect to the applicable year, less than seventy-five percent (75%) of all Board of Directors meetings and all meetings of any Committee on which he or she serves. In November 2002, pursuant to the recommendations of the Compensation Committee, in consultation with an external compensation consulting firm, the \$10,000 payment to each non-employee Director, except for Mr. Bannon, was increased to \$12,500, while the Chairman of the Board's compensation remained at \$20,000. In addition, all Directors were and currently are reimbursed for their expenses for each board meeting and each Compensation/ISO Committee and Audit Committee meeting attended.

The following Directors were granted options under the 2002 Plan during Fiscal 2002:

| <u>Director</u> | <u>Number of Shares Underlying Options Granted</u> | <u>Grant Date</u> | <u>Exercise Price Per Share</u> |
|---------------------------|--|-------------------|-------------------------------------|
| James A. Bannon, Pharm.D. | | | |
| Jeffrey H. Berg, Ph.D. | 15,000 | April 2, 2002 | \$ 1.16 |
| David E. Nowicki, D.M.D. | 15,000 | April 2, 2002 | \$ 1.16 |
| Allan Rubenstein, M.D. | 15,000 | April 2, 2002 | \$ 1.16 |
| David M. Stack | 15,000 | April 2, 2002 | \$ 1.16 |
| Paula B. Stafford | 15,000 | April 2, 2002 | \$ 1.16 |
| James A. Taylor, Ph.D. | 15,000 | April 2, 2002 | \$ 1.16 |

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires the Company's Directors, officers and shareholders who beneficially own more than 10% of any class of equity securities of the Company registered pursuant to Section 12 of the Exchange Act (collectively, the Reporting Persons) to file initial statements of beneficial ownership of securities and statements of changes in beneficial ownership of securities with respect to the Company's equity securities with the Securities and Exchange Commission (the SEC). All Reporting Persons are required by SEC regulation to furnish the Company with copies of all reports that such Reporting Persons file with the SEC pursuant to Section 16(a). Except as set forth below, based solely on the Company's review of the copies of such forms received by the Company and upon written representations of the Company's Reporting Persons received by the Company, the Company believes that there has been compliance with all Section 16(a) filing requirements applicable to such Reporting Persons.

Allan Rubenstein, M.D. was required to report, on a Form 4, the acquisition of 10,000 shares of Common Stock at \$0.66 per share pursuant to an option exercise on February 26, 2002. Such report was filed on June 19, 2002.

Jeffrey H. Berg, Ph.D. was required to report, on a Form 4, the acquisition of 4,169 shares of Common Stock at \$0.66 per share pursuant to an option exercise on February 22, 2002. Such report was filed on June 19, 2002.

EXECUTIVE OFFICERS

The following table identifies the current executive officers of the Company:

| Name | Age | Capacities in Which Served | In Current Position Since |
|---------------------------|-----|---|---------------------------|
| Mark L. Weinstein(1) | 50 | President and Chief Executive Officer | February 1998 |
| Andrew Reiter(2) | 48 | Vice President and Managing Director of Bio-Imaging Technologies B.V. | April 1997 |
| Colin G. Miller, Ph.D.(3) | 42 | Vice President of Business Development | May 1999 |
| David Pitler(4) | 47 | Vice President of Operations | March 2000 |
| Ted Kaminer(5) | 46 | Senior Vice President and Chief Financial Officer | February 2003 |

- (1) Mr. Weinstein assumed the responsibilities of Chief Financial Officer of the Company from January 31, 2001 to February 18, 2003, in addition to serving as President and Chief Executive Officer.
- (2) Mr. Reiter joined the Company in July 1992 as Director of Clinical Applications Development responsible for the Company's software and systems development and was appointed Vice President and Managing Director of Bio-Imaging Technologies, B.V., the Company's European facility in April 1997. Prior to joining the Company, Mr. Reiter spent 18 years with various pharmaceutical and bio-technology companies in the clinical research and information systems development areas.
- (3) Dr. Miller joined the Company in May 1999 as the Vice President of Business Development when the Company acquired Bona Fide Ltd. In November 2000, Dr. Miller was appointed an executive officer of the Company. Dr. Miller was the Director of Clinical Services at Bona Fide Ltd. from February 1994 until May 1999. Prior to his position at Bona Fide Ltd., Dr. Miller spent 10 years with various pharmaceutical companies and medical facilities in the clinical research area.
- (4) Mr. Pitler joined the Company in March 2000 as the Vice President of Operations. In November 2000, Mr. Pitler was appointed an executive officer of the Company. Mr. Pitler spent four years, from April 1996 until February 2000, at Medical Economics Company, an international health care information company and wholly-owned division of The Thomson Corporation, as Vice President of Production and formerly as Vice President of Integration. From 1981 to 1996, Mr. Pitler held various positions with information processing companies.
- (5) Mr. Kaminer joined the Company in February 2003 as Senior Vice President and Chief Financial Officer. Prior to joining Bio-Imaging, from May 2002 to February 2003, Mr. Kaminer served as Chief Financial Officer and Vice President of ION Networks Inc. and from October 2000 to April 2002, Mr. Kaminer was an independent consultant. From March 1998 to September 2000, Mr. Kaminer served as Senior Vice President of Finance and Chief Financial Officer of CMPEXpress. Previously, he spent twelve years with various investment banking firms in the corporate finance area.

None of the Company's executive officers is related to any other executive officer or to any Director of the Company. Executive officers of the Company are elected annually by the Board of Directors and serve until their successors are duly elected and qualified.

EXECUTIVE COMPENSATION

Summary of Compensation in Fiscal 2002

The following Summary Compensation Table sets forth information concerning compensation for services in all capacities awarded to, earned by or paid to each person who served as the Company's Chief Executive Officer at any time during Fiscal 2002 and those executive officers of the Company other than the Chief Executive Officer who were serving as executive officers at the end of Fiscal 2002 (collectively, the Named Executive Officers) during the three years ended December 31, 2002.

SUMMARY COMPENSATION TABLE

| Name and Principal Position (a) | Year (b) | Annual Compensation | | | Long-Term Compensation Awards | All Other Compensation (\$ (i)) |
|---|----------|---------------------|--------------------|--|---------------------------------------|---------------------------------|
| | | Salary (\$) (c) | Bonus (\$) (d) (1) | Other Annual Compensation (\$) (e) (2) | Securities Underlying Options (#) (g) | |
| Mark L. Weinstein | 2002 | 230,595 | 105,657 | | | 1,238(4) |
| President, Chief Executive Officer and Chief Financial Officer(3) | 2001 | 190,000 | | | | |
| | 2000 | 190,000 | 22,357 | | 40,000 | 2,524(4) |
| Andrew Reiter | 2002 | 135,000 | 39,892 | 36,024(5) | | 1,063(4) |
| Vice President and Managing Director of Bio-Imaging Technologies B.V. | 2001 | 128,000 | | | | |
| | 2000 | 128,000 | 15,061 | 36,024(5) | 10,000 | 2,154(4) |
| | | | | 36,024(5) | 10,000 | |
| Colin G. Miller, Ph.D. | 2002 | 135,000 | 53,190 | | | 1,137(4) |
| Vice President of Business Development | 2001 | 130,000 | | | | |
| | 2000 | 120,000 | 15,297 | | 20,000 | 2,043(4) |
| | | | | | 25,000 | |
| David Pitler | 2002 | 135,000 | 53,190 | | | 904(4) |
| Vice President of Operations | 2001 | 120,000 | | | | |
| | 2000 | 110,000 | 14,120 | | 20,000 | 1,730(4) |
| | | | | | 110,000 | |

- (1) The Bonuses received by the Named Executive Officers were paid in February 2003, but earned during Fiscal 2002.
- (2) In accordance with the rules of the Securities and Exchange Commission, other compensation in the form of perquisites and other personal benefits have been omitted in those instances where such perquisites and other personal benefits constituted less than the lesser of \$50,000 or 10% of the total annual salary and bonus for the Named Executive Officer for the fiscal year.
- (3)

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Mr. Weinstein served as the Chief Financial Officer of the Company from January 31, 2001 to February 18, 2003, when Mr. Kaminer was appointed Senior Vice President and Chief Financial Officer.

- (4) Such amounts represent the Company's matching contributions to the Named Executive Officers individual Bio-Imaging Technologies, Inc.'s Employees Savings Plan.
- (5) Mr. Reiter is currently working in the Netherlands. His other compensation represents goods and services and housing differentials paid for cost of living differences between the United States and the Netherlands.

Option Grants in Fiscal 2002

The Company did not grant any stock options during Fiscal 2002 to the Named Executive Officers. The Company has never granted any stock appreciation rights.

Aggregated Option Exercises in Fiscal 2002 and Fiscal Year-End Option Values

The following table sets forth information concerning each exercise of options during Fiscal 2002 by each of the Named Executive Officers and the fiscal year-end value of unexercised in-the-money options.

**AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES**

| Name (a) | Shares Acquired on Exercise (#) (b) | Value Realized (\$ (c) | Number of Securities Underlying Unexercised Options at Fiscal Year-End (#) Exercisable/ Unexercisable (d) | Value of Unexercised In-the-Money Options at Fiscal Year-End (\$) Exercisable/ Unexercisable (e) (1) |
|------------------------|--|------------------------------|--|---|
| Mark L. Weinstein | | | 412,500/37,500 | \$ 567,200/\$55,500 |
| Andrew Reiter | 10,000 | \$ 2,500 | 78,500/7,500 | \$ 101,285/\$9,075 |
| Colin G. Miller, Ph.D. | | | 64,583/30,417 | \$ 94,071/\$42,179 |
| David Pitler | | | 88,333/41,667 | \$ 86,892/\$41,408 |

(1) Based on a fiscal year end fair market value of the underlying securities equal to \$2.20.

Equity Compensation Plan Information

The following table provides information as of December 31, 2002 with respect to the shares of the Company's Common Stock that may be issued under the Company's existing equity compensation plans.

| Plan Category | Number of Securities to be Issued Upon Exercise of Outstanding Options(1) | Weighted Average Exercise Price of Outstanding Options | Number of Securities Available for Future Issuance Under Equity Compensation Plans |
|---|--|---|--|
| Equity compensation plans that have been approved by security holders | 1,743,207 | \$ 0.91 | 628,500(2) |
| Equity compensation plans not approved by security holders | | | |
| Total | 1,743,207 | \$ 0.91 | 628,500(2) |

(1) Includes 321,500 options issued under the 2002 Plan and 1,421,707 options issued under the 1991 Plan.

(2) Represents 628,500 shares of Common Stock issuable pursuant to the Company's 2002 Plan. The Company does not intend to issue any additional options under the 1991 Plan.

Employment Contracts, Termination of Employment, and Change-in-Control Arrangements

On May 21, 1998, the Company executed an Overseas Assignment Policy with Mr. Reiter (the Overseas Assignment Agreement) regarding his temporary transfer to the Netherlands whereby the Company agreed to provide a cost of living adjustment and severance pay for Company initiated termination equal to one month of Mr. Reiter's current annual salary for each year of service with the Company, not to exceed six months. The initial agreement with Mr. Reiter was for a period of two years and is renewable on an annual basis for additional one year extensions. During Fiscal 2002, the Company and Mr. Reiter extended the Overseas Assignment Agreement for an additional one year period.

On February 1, 2002 and upon recommendation of the Compensation Committee, working in consultation with an external consulting firm, the Company executed an employment agreement with Mr. Weinstein for a three year period, ending January 31, 2005. The terms and conditions of the employment agreement are: (i) an

annual base salary of \$237,500 in addition to certain benefits and perquisites (amended February 1, 2003 to \$260,000); (ii) bonuses in amounts that are to be determined by the Board of Directors in accordance with the Company's management incentive policy; (iii) incentive compensation awards from the Company's incentive compensation plans on a basis commensurate with his position and responsibility; (iv) option to lease a car where such payments under the lease (up to \$500 per month) will be reimbursed by the Company following any profitable quarter; (v) 30,000 shares of the Company's restricted common stock to be issued on January 31, 2005; (vi) election to defer \$25,000 of the annual base salary into a non-qualified deferral plan and 100% of any amounts pursuant to the Company's incentive compensation plans; and (v) continuation of annual salary payments for a period of 60 days after the termination date in the event that Mr. Weinstein is terminated from employment with the Company for reasons other than cause, death or disability.

On February 6, 2003, the Company executed an employment agreement with Mr. Kaminer for a one (1) year period, ending February 24, 2004. The terms and conditions of the employment agreement are: (i) an annual base salary of \$175,000 in addition to certain benefits and perquisites; (ii) incentive compensation awards from the Company's incentive compensation plans on a basis commensurate with his position and responsibility; (iii) 100,000 options to purchase the Company's common stock with a market value based on the date of the execution of his employment agreement; and (iv) continuation of annual salary payments for a period of 180 days after the termination date in the event that Mr. Kaminer is terminated from employment with the Company for reasons other than cause, death or disability.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
Common Stock

There are, as of April 18, 2003, approximately 117 holders of record and 1,700 beneficial holders of the Company's Common Stock. The following table sets forth certain information, as of April 18, 2003, with respect to holdings of the Company's Common Stock by (i) each person known by the Company to be the beneficial owner of more than 5% of the total number of shares of Common Stock outstanding as of such date, (ii) each of the Company's Directors (which includes all nominees), Named Executive Officers, and (iii) all Directors and executive officers as a group.

| Name and Address of Beneficial Owner(1) | Amount and Nature of Beneficial Ownership(1) | Percent of Class(2) |
|---|---|------------------------|
| (i) Certain Beneficial Owners: | | |
| Covance Inc. 210 Carnegie Center Princeton, New Jersey 08540 | 2,355,000 | 27.1% |
| Quintiles, Inc. c/o Quintiles Transnational Corp. 4709 Creekstone Drive Riverbirch Building, STE 200 Durham, NC 27703-8411(3) | 487,616(3) | 5.4% |
| (ii) Directors, Nominees, and Named Executive Officers: | | |
| Mark L. Weinstein | 578,500(4) | 6.3% |
| Andrew Reiter | 91,750(5) | 1.0% |
| Colin G. Miller, Ph.D. | 77,117(6) | * |
| David Pitler | 113,750(7) | 1.3% |
| Ted Kaminer | 33,333(8) | * |
| James A. Bannon, Pharm.D. | | |
| Jeffrey H. Berg, Ph.D. | 81,360(9) | * |
| David E. Nowicki, D.M.D. | 146,484(10) | 1.7% |
| Allan Rubenstein, M.D. | 30,000(11) | * |
| David M. Stack | 185,470(12) | 2.1% |
| Paula B. Stafford | 15,000(13) | * |
| James A. Taylor, Ph.D. | 76,967(14) | * |
| (iii) All Directors and executive officers as a group (11 persons) | 1,428,064(4)(5)(6)(7)(8) | 14.7% |
| | (9)(10)(11)(12)(13)(14) | |

* Less than 1%

- (1) Except as otherwise indicated, all shares are beneficially owned and sole investment and voting power is held by the persons named.
(2) Applicable percentage of ownership is based on 8,676,077 shares of Common Stock outstanding, plus any Common Stock equivalents and options or warrants held by such holder which are presently exercisable or will become exercisable within 60 days after April 18, 2003.

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- (3) Quintiles, Inc. is a wholly-owned subsidiary of Quintiles Transnational Corp. Both companies claim beneficial ownership and sole investment power of the 487,616 shares. The beneficial ownership is derived from restricted shares of common stock owned of 188,549 and a convertible promissory note with a principal amount outstanding of \$782,528. Interest accrues on the convertible promissory note at the 3-month London Interbank Offering Rate (LIBOR) plus 300 basis points. The convertible promissory note is: (i) payable in quarterly installments with respect to fifty percent (50%) of the aggregate principal

amount, together with accrued but unpaid interest on the entire outstanding principal amount; (ii) matures thirty-six (36) months from the date of issuance; and (iii) is convertible, in whole or in part, by Quintiles, Inc. any time prior to maturity into Common Stock. Approximately 284,570 is the maximum shares (using the LIBOR rate as of April 18, 2003) that the convertible promissory note may be converted into at April 18, 2003. This calculation was accomplished by dividing the outstanding principal balance on April 18, 2003 (\$782,528), plus all accrued and unpaid interest at April 18, 2003 by \$2.785.

- (4) Includes 450,000 shares issuable pursuant to presently exercisable options or options which will become exercisable within 60 days after April 18, 2003.
- (5) Includes 79,750 shares issuable pursuant to presently exercisable options or options which will become exercisable within 60 days after April 18, 2003. Excludes 11,250 shares underlying options which become exercisable over time after such period.
- (6) Represents 72,917 shares issuable pursuant to presently exercisable options or options which will become exercisable within 60 days after April 18, 2003. Excludes 32,083 shares underlying options which become exercisable over time after such period.
- (7) Represents 103,750 shares issuable pursuant to presently exercisable options or options which will be exercisable within 60 days after April 18, 2003. Excludes 46,250 shares underlying options which become exercisable over time after such period.
- (8) Represents 33,333 shares issuable pursuant to presently exercisable options or options which will be exercisable within 60 days after April 18, 2003. Excludes 66,667 shares underlying options which become exercisable over time after such period.
- (9) Includes 66,786 shares issuable pursuant to presently exercisable options or options which will become exercisable within 60 days after April 18, 2003.
- (10) Includes 54,000 shares owned by Dr. Nowicki in his individual retirement account and 33,000 shares owned by Dr. Nowicki in his 401(k) account. Includes 59,484 shares issuable pursuant to presently exercisable options or options which will become exercisable within 60 days after April 18, 2003
- (11) Represents 30,000 shares issuable pursuant to presently exercisable options or options which will be exercisable within 60 days after April 18, 2003.
- (12) Includes 47,500 shares owned directly by Mr. Stack, and 25,000 shares owned by his wife, Christine Stack, and 68,000 shares owned by a trust established for the benefit of his minor children, of which Mr. Stack is the beneficial owner of all of such shares. Includes 44,970 shares issuable pursuant to presently exercisable options or options which will become exercisable within 60 days after April 18, 2003.
- (13) Represents 15,000 shares issuable pursuant to presently exercisable options or options which will be exercisable within 60 days after April 18, 2003.
- (14) Represents 76,967 shares issuable pursuant to presently exercisable options or options which will be exercisable within 60 days after April 18, 2003.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Covance

On October 13, 1994, the Company and Covance Inc. entered into an agreement whereby Covance purchased: (i) 2,355,000 shares of the Company's Common Stock, (ii) a warrant to purchase 250,000 shares of Common Stock with an initial exercise price of \$1.25 per share and (iii) a warrant to purchase 250,000 shares of Common Stock with an initial exercise price of \$1.50 per share (the Warrants), for an aggregate purchase price of \$1,819,500. The Warrants expired on October 13, 1998 without being exercised. Pursuant to the above agreement, the Company has agreed to take all actions necessary to nominate and cause the election to the Board of Directors of up to three designees of Covance, Inc. Covance, Inc. has designated Dr. Bannon to serve on the Company's Board of Directors for the 2003 fiscal year.

Transactions with Quintiles, Inc.

On October 25, 2001 (the Closing Date), the Company consummated the acquisition (the Acquisition) of the assets of Intelligent Imaging. The assets acquired included Intelligent Imaging's customer contracts, equipment, permits, leases and proprietary rights. In consideration for the assets purchased, the Company made payment to Quintiles of an aggregate purchase price consisting of \$1,000,000 in the form of an unsecured, subordinated convertible promissory note, dated as of October 25, 2001, made by the Company payable to Quintiles (the Note) in the principal amount equal to \$1,000,000 with interest per annum equal to the rate in effect on the business day immediately prior to the date on which payments are due under the Note equal to the Three-Month London Interbank Offering Rate as published from time to time in the Wall Street Journal plus 300 basis points, compounded annually based on a 365-day year. The Note, which is payable in quarterly installments with respect to fifty percent (50%) of the aggregate principal amount, together with all accrued and unpaid interest on the entire outstanding principal amount, matures thirty-six (36) months from the Closing Date and is convertible, in whole or in part, by Quintiles any time prior to maturity into Common Stock. The number of shares of Common Stock into which the Note may be converted is calculated by dividing the outstanding principal balance of the Note, plus all accrued and unpaid interest thereon, by the greater of: (i) 75% of the average closing price of the Company's Common Stock over the ten consecutive trading days ending prior to the date of conversion; or (ii) \$0.906 per share. Accordingly, as of April 18, 2003, the Note was convertible into a maximum of 284,570 shares of Common Stock. This was calculated by dividing the unpaid principal balance (\$782,528 at April 18, 2003) plus accrued interest (approximately \$10,000 as of April 18, 2003), totaling \$792,528, by \$2.785 (75% of the average closing price of the Company's Common Stock over the ten consecutive trading days ending prior to April 18, 2003).

On February 18, 2003, the Company paid Quintiles 188,549 shares of Common Stock as additional consideration for the acquisition of Intelligent Imaging because certain financial results were achieved. The Company also assumed certain liabilities of Intelligent Imaging, including all obligations of Intelligent Imaging arising after the Closing Date under certain contracts and unearned income reflected on the closing balance sheet, except for certain retained liabilities.

Pursuant to the above Acquisition, the Company agreed to take all actions necessary to nominate and cause the election to the Board of Directors one individual designated by Quintiles until the 2003 Annual Meeting of Stockholders. Ms. Stafford currently is serving on the Board of Directors as such designee.

The Board of Directors has decided to renominate Ms. Stafford as a nominee for Director to serve until the 2004 Annual Meeting of Stockholders. Ms. Stafford, however, will not be serving as a designee of Quintiles during such time period.

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

The Company, subject to stockholder approval, has nominated PricewaterhouseCoopers LLP as independent auditors of the Company for the fiscal year ending December 31, 2003. Neither the firm nor any of its members has any direct or indirect financial interest in or any connection with the Company in any capacity other than as auditors.

The Board of Directors recommends a vote FOR the ratification of the appointment of PricewaterhouseCoopers LLP as the independent auditors of the Company for the fiscal year ending December 31, 2003.

One or more representatives of PricewaterhouseCoopers LLP is expected to attend the Meeting and have an opportunity to make a statement and/or respond to appropriate questions from stockholders.

On November 6, 2001, the Board of Directors changed its fiscal year end from September 30 to December 31. On April 15, 2002, the Company's Board of Directors, upon recommendation of its Audit Committee, informed the Company's independent public accountants, Arthur Andersen LLP (Andersen), that they would be dismissed as the Company's independent public accountants. The Audit Committee engaged PricewaterhouseCoopers LLP to serve as the Company's independent public accountants, for the fiscal year ending December 31, 2002 and the three month transition period ended December 31, 2001.

Andersen's prior audit report on the Company's financial statements for each of the two most recent fiscal years in the period ended September 30, 2001 contained no adverse opinion or disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles. During the Company's two most recent fiscal years ended September 30, 2001, and the subsequent interim period through April 15, 2002, no disagreements between the Company and Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Andersen's satisfaction, would have caused Andersen to make reference to the subject matter of the disagreement in connection with its reports; and during such periods, there were no reportable events of the kind listed in Item 304(a)(1)(v) of Regulation S-K. We filed a letter from Andersen, and an amendment thereto, addressed to the Securities and Exchange Commission, stating their agreement with the above statements, on a Current Report on Form 8-K on April 17, 2002, as amended on April 26, 2002.

During our two most recent fiscal years ended September 30, 2001, and through April 15, 2001, the Company did not consult with PricewaterhouseCoopers LLP regarding any of the matters or events set forth in Item 304(a)(2)(i) or (ii) of Regulation S-K.

Independent Auditors Fees and Other Matters

Audit Fees.

PricewaterhouseCoopers LLP billed the Company an aggregate of \$124,200 in fees for professional services rendered in connection with the audit of the Company's financial statements for the year ended December 31, 2002, the audited financial statements for the three month transition period ended December 31, 2001 and the reviews of the financial statements included in each of the Company's Quarterly Reports on Form 10-QSB during the year ended December 31, 2002.

Audit Related Fees.

PricewaterhouseCoopers LLP did not bill the Company for any audit related services for the year ended December 31, 2002 and the three month transition period ended December 31, 2001.

Tax Fees.

PricewaterhouseCoopers LLP billed the Company an aggregate of \$36,503 in tax fees relating to the Company's tax compliance and tax return preparation for the year ended December 31, 2002 and the three month transition period ended December 31, 2001.

All Other Fees.

PricewaterhouseCoopers LLP did not bill the Company for any other fees for the year ended December 31, 2002 and the three month transition period ended December 31, 2001.

STOCKHOLDERS PROPOSALS

Stockholders who wish to submit proposals for inclusion in the Company's proxy statement and form of proxy relating to the 2004 Annual Meeting of Stockholders must advise the Secretary of the Company of such proposals in writing by December 31, 2003.

Stockholders who intend to present a proposal at such meeting without inclusion of such proposal in the Company's proxy materials pursuant to Rule 14a-8 under the Exchange Act are required to provide advance notice of such proposal to the Secretary of the Company at the aforementioned address not later than March 15, 2004.

If the Company does not receive notice of a stockholder proposal within this timeframe, the Company's management will use its discretionary authority to vote the shares they represent, as the Company's Board of Directors may recommend. The Company reserves the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these requirements.

HOUSEHOLDING OF ANNUAL MEETING MATERIALS

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of the Company's proxy statement or annual report may have been sent to multiple stockholders in your household. The Company will promptly deliver a separate copy of either document to you if you call or write the Company at the following address or phone number: 826 Newtown-Yardley Road, Newtown, Pennsylvania 18940, (267) 757-3000. If you want to receive separate copies of the annual report and proxy statement in the future or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holders, or you may contact the Company at the above address and phone number.

OTHER MATTERS

The Board of Directors is not aware of any matter to be presented for action at the Meeting other than the matters referred to above and does not intend to bring any other matters before the Meeting. However, if other matters should come before the Meeting, it is intended that holders of the proxies will vote thereon in their discretion.

GENERAL

The accompanying proxy is solicited by and on behalf of the Board of Directors of the Company, whose notice of meeting is attached to this Proxy Statement, and the entire cost of such solicitation will be borne by the Company.

In addition to the use of the mails, proxies may be solicited by personal interview, telephone and telegram by directors, officers and other employees of the Company who will not be specially compensated for these services. The Company will also request that brokers, nominees, custodians and other fiduciaries forward soliciting materials to the beneficial owners of shares held of record by such brokers, nominees, custodians and other fiduciaries. The Company will reimburse such persons for their reasonable expenses in connection therewith.

Certain information contained in this Proxy Statement relating to the occupations and security holdings of directors and officers of the Company is based upon information received from the individual directors and officers.

BIO-IMAGING TECHNOLOGIES, INC. WILL FURNISH, WITHOUT CHARGE, A COPY OF ITS REPORT ON FORM 10-KSB FOR THE YEAR ENDED DECEMBER 31, 2002, INCLUDING FINANCIAL STATEMENTS AND SCHEDULES THERETO BUT NOT INCLUDING EXHIBITS, TO EACH OF ITS STOCKHOLDERS OF RECORD ON APRIL 18, 2003 AND TO EACH BENEFICIAL STOCKHOLDER ON THAT DATE UPON WRITTEN REQUEST MADE TO THE SECRETARY OF THE COMPANY. A REASONABLE FEE WILL BE CHARGED FOR COPIES OF REQUESTED EXHIBITS.

PLEASE DATE, SIGN AND RETURN THE PROXY CARD AT YOUR EARLIEST CONVENIENCE IN THE ENCLOSED RETURN ENVELOPE. A PROMPT RETURN OF YOUR PROXY CARD WILL BE APPRECIATED AS IT WILL SAVE THE EXPENSE OF FURTHER MAILINGS.

By Order of the Board of Directors

William J. Thomas

Secretary

Newtown, Pennsylvania

April 28, 2003

APPENDIX A

AUDIT COMMITTEE CHARTER

A. Purpose

The purpose of the Audit Committee is to assist the Board of Directors (the Board) oversight of:

the quality and integrity of the Company's financial statements, financial reporting process and internal operating controls;

the independent auditor's qualifications and independence; and

the performance of the Company's independent auditors.

B. Structure and Membership

1. *Number.* The Audit Committee shall consist of at least three members of the Board.
2. *Independence.* Except as otherwise permitted by the applicable rules of any national securities exchange or any association of securities dealers on which the Company lists any class of its capital stock (the Listing Exchange) and Section 301 of the Sarbanes-Oxley Act of 2002 (the Sarbanes-Oxley Act) (and the applicable rules thereunder), each member of the Audit Committee shall be independent as defined by such rules and Act. To insure compliance with this provision, the Audit Committee shall:
 - a. monitor the Audit Committee's members throughout the year to confirm that they all remain independent as required by the listing exchange rules; and
 - b. consider whether any members of the Audit Committee have relationships with the Company that may create the appearance of a lack of independence, even though such relationships do not technically disqualify the person from being independent.
3. *Financial Literacy.* Each member of the Audit Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Audit Committee. At least one member of the Audit Committee shall meet the requirements of an audit committee financial expert (as defined by applicable Listing Exchange and SEC rules). All members of the Audit Committee shall participate in continuing education programs if and as required by the rules and regulations of any Listing Exchange.
4. *Chair.* Unless the Board elects a Chair of the Audit Committee, the Audit Committee shall elect a Chair by majority vote.

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5. *Compensation.* The compensation of Audit Committee members shall be as determined by the Board. No member of the Audit Committee may receive any compensation from the Company other than director's fees.

6. *Selection and Removal.* The Board shall appoint members of the Audit Committee and the Board may remove members of the Audit Committee from such committee, with or without cause.

C. Authority and Responsibilities

General

The Audit Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management and the independent auditor, in accordance with its business judgment. Management is responsible for the preparation, presentation, and integrity of the Company's financial

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statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements, for reviewing the Company's unaudited interim financial statements, and for such other audit functions as outlined in the independent auditor's letter of engagement.

Oversight of Independent Auditors

1. *Selection.* The Audit Committee shall be solely and directly responsible for annually appointing the independent auditors to be proposed for stockholder approval. The Audit Committee is solely responsible for evaluating the independent auditor and, when necessary, terminating the independent auditor. The Audit committee may authorize the CEO to sign the engagement letter but only after the engagement has been reviewed and approved by the Audit Committee.
2. *Independence.* The Audit Committee shall directly take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditor. In connection with this responsibility, the Audit Committee shall annually obtain and review a formal written statement from the independent auditor describing all relationships between the independent auditor and the Company, including the disclosures required by Independence Standards Board Standard No. 1. The Audit Committee shall actively engage in dialogue with the independent auditor concerning any disclosed relationships or services that might influence the objectivity and independence of the auditor. In addition, the Audit Committee shall:
 - a. confirm the regulator rotation of the lead audit partner and reviewing partner as required by Section 203 of the Sarbanes-Oxley Act;
 - b. confirm that the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Controller and Chief Accounting Officer (or other persons serving in similar capacities) were not employed by the independent auditor, or if employed, did not participate in any capacity in the audit of the Company, in each case, during the one-year period preceding the date of initiation of the audit, as required by Section 206 of the Sarbanes-Oxley Act; and
 - c. annually consider whether, in order to assure continuing auditor independence, there should be regular rotation of the independent audit firm.
3. *Compensation.* The Audit Committee shall have sole and direct responsibility for setting the compensation of the independent auditor. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of the independent auditor established by the Audit Committee.
4. *Engagement and Pre-approval of Services.* The Audit Committee is responsible for the independent auditor engagement and shall pre-approve all audit services (which may entail providing comfort letters in connection with securities underwritings), and non-audit services (other than de minimus non-audit services as defined by the Sarbanes-Oxley Act and the applicable rules thereunder) to be provided to the Company by the independent auditor. The Audit Committee shall cause the Company to disclose in its SEC periodic reports the approval by the Audit Committee of any non-audit services performed by the independent auditor.
5. *Prohibited Services.* The Audit Committee shall oversee the Company's compliance with Section 201 of the Sarbanes-Oxley Act and shall not permit the engagement of the independent auditor for prohibited non-audit services, thereunder, including the following:
 - a. bookkeeping or other services related to the accounting records or financial statements of the audit client;
 - b. financial information systems design and implementation;

- c. appraisal or valuation services, fairness opinions or contribution-in-kind reports;

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- d. actuarial services;
 - e. internal audit outsourcing services;
 - f. management functions or human resources;
 - g. broker or dealer, investment adviser or investment banking services;
 - h. legal services and expert services unrelated to the audit; and
 - i. any other service that the Board determines, by regulation, is impermissible.
6. *Direct Report.* The independent auditor shall report directly to the Audit Committee and the Audit Committee shall have sole and direct responsibility for overseeing the independent auditor, including resolution of disagreements between Company management and the independent auditor regarding financial reporting. In connection with its oversight role:
- a. The Audit Committee shall, from time to time, as appropriate, obtain and review the reports required to be made by the independent auditor pursuant to paragraph (k) of Section 10A of the Securities Exchange Act of 1934 regarding:
 - (i) critical accounting policies and practices;
 - (ii) alternative treatments of financial information within generally accepted accounting principles that have been discussed with Company management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - (iii) other material written communications between the independent auditor and Company management.
 - b. The Audit Committee shall also review with the independent auditor:
 - (i) planning and staffing of the audit;
 - (ii) the letter of management representations given to the outside auditor and inquire of the auditor whether any difficulties were encountered in obtaining the letter;
 - (iii) audit problems or difficulties the independent auditor encountered in the course of the audit work and management's response, including any restrictions on the scope of the independent auditor's activities or on access to requested information and any significant disagreements with management;
 - (iv) major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;

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- (v) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and
 - (vi) the effect of regulatory and accounting initiatives on the financial statements of the Company.
- c. The Audit Committee will review with the independent auditors, from time to time, as and when appropriate:
- (i) significant risks and/or uncertainties with respect to the quality, accuracy or fairness of presentation of the Company's financial statements;
 - (ii) recently disclosed problems with respect to the quality, accuracy or fairness of presentation of the financial statements of companies similarly situated to the Company and

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recommended actions which might be taken to prevent or mitigate the risk of problems at the Company arising from such matters;

- (iii) any accounting adjustments that were noted or proposed by the auditor but were passed (as immaterial or otherwise);
 - (iv) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement;
 - (v) accounting for unusual transactions;
 - (vi) adjustments arising from audits that could have a significant impact on the Company's financial reporting process; and
 - (vii) any recent SEC comments on the Company's SEC reports, including, in particular, any unresolved or future-compliance comments.
- d. The Audit Committee shall inquire of the independent auditor concerning the quality, not just the acceptability, of the Company's accounting determinations, particularly with respect to revenue, earnings, significant items subject to estimate, and other judgmental areas. The Audit committee shall also ask the independent auditor whether management's choices of accounting principles and policies are, as a whole, in accordance with GAAP and whether there are other acceptable alternatives to the principles and policies applied by management
- e. The Audit Committee shall inform the independent auditor, Company management (including the CFO, and Controller) and the head of internal auditing that they should promptly contact the Audit Committee or its Chair about any significant issue or disagreement concerning the Company's accounting practices or financial statements that is not resolved to their satisfaction. If the Audit Committee Chairperson is contacted about such an issue, he or she shall: (i) confer with the independent auditor about the issue; (ii) notify the other members of the Audit Committee; and (iii) decide whether it is necessary for the Audit Committee to meet before its next scheduled meeting.
- f. The Audit Committee shall obtain and review a copy of the most recent independent auditor inspection report as issued by the Public Company Accounting Oversight Board pursuant to Section 104 of the Sarbanes-Oxley Act.
- g. The Audit Committee shall obtain from the independent auditor assurance that, if the independent auditor detects or becomes aware of any illegal act, the independent auditor will immediately and adequately inform the Audit Committee directly and provide the Audit Committee with a written report detailing the such illegal acts detected and any specific conclusions or recommendations for change with respect to such illegal acts.
- h. The Audit Committee shall discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.

Review of Audited Financial Statements

7. *Discussion of Audited Financial Statements.* The Audit Committee shall review and discuss with the Company's management and independent auditor the Company's audited financial statements, including the matters about which Statement on Auditing Standards No. 61, *Communications with Audit Committees* requires discussion.

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8. *Recommendation to Board Regarding Financial Statements.* The Audit Committee shall consider whether it will recommend to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K.

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9. *Audit Committee Report.* The Audit Committee shall prepare for inclusion where necessary in a proxy or information statement of the Company relating to an annual meeting of security holders at which directors are to be elected (or special meeting or written consents in lieu of such meeting), the report described in Item 306 of Regulation S-B or S-K, as applicable. The Audit Committee shall therein report to the stockholders, in such proxy or information statement, whether it has:
- (i) reviewed and discussed the audited financial statements with management;
 - (ii) discussed with the independent auditors the matters required to be discussed under Statement on Auditing Standards No. 61, as may be modified or supplemented;
 - (iii) received written disclosures from the outside auditor regarding independence as required by Independence Standards Board Standard No. 1, as may be modified and supplemented, and has discussed with the independent auditors the auditor's independence; and
 - (iv) based on the discussions referred to in Section 9(i)-(iii) above, recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K or Form 10-KSB, as applicable, for the last fiscal year for filing with the Securities and Exchange Commission.

Review of Other Financial Disclosures

10. *Independent Auditor Review of Interim Financial Statements.* The Audit Committee shall direct the independent auditor to perform all reviews of interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Audit Committee and the CFO any matters identified in connection with the auditor's review of interim financial information which are required to be discussed by Statement on Auditing Standards Nos. 61, 71 and 90. The Audit Committee shall direct management to seek Audit Committee consent in the event that the Company proposes to disclose interim financial information before completion of the independent auditor's review of interim financial information.
11. *Earnings Release and Other Financial Information.* The Audit Committee shall review and discuss generally Company policy as to the type of information to be disclosed in the Company's earnings press releases and other presentations (including any use of pro forma or adjusted non-GAAP information), as well as in financial information and earnings guidance provided to analysts, rating agencies and others to facilitate fair accurate and transparent financial disclosure and compliance with applicable statutory and regulatory requirements. In addition, the Audit Committee shall review earnings releases before their issuance.
12. *Quarterly Financial Statements.* The Audit Committee shall discuss the results of the SAS 71 Interim Financial Information review performed by the independent auditor. The Audit Committee shall also discuss with the Company's management and independent auditor the Company's quarterly financial statements, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations. This discussion and review shall take place before the filing of the Form 10-Q or 10-QSB, as applicable.
13. *Tax Reporting.* The Audit Committee shall inquire as to: (i) the status of the Company's tax returns; (ii) whether there are any significant items that have been or might be disputed by the respective jurisdictional taxing authorities; and (iii) inquire about the status of related tax reserves.

Controls and Procedures

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14. *Oversight.* The Audit Committee shall coordinate the Board of Director s oversight of the Company s internal accounting controls, the Company s disclosure controls and procedures and the Company s code of conduct. The Audit Committee shall therefore:
 - a. receive and review the reports of the CEO and CFO required by Section 302 of the Sarbanes-Oxley Act (and the applicable rules there under) and Rule 13a-14 of the Exchange Act. Section

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302 of the Sarbanes-Oxley Act requires, among other things, that the CEO and CFO to certify that they have disclosed to the Audit Committee:

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and
 - (ii) any fraud, whether material or not material, that involves management or other employees who have a significant role in the Company's internal controls.
 - b. Receive and review the reports on internal accounting controls contemplated by Sections 103 and 404 of the Sarbanes-Oxley Act.
 - c. Obtain reports from management and the Company's senior internal auditing executive, that the Company is in conformity with applicable legal requirements and the Company's code of conduct. To the extent applicable, inquiries shall be made of the independent auditor regarding the independent auditor's awareness, if any, of violations of applicable legal requirements or violations of the company's code of conduct.
 - d. Review reports and disclosures of insider and affiliated party transactions.
 - e. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's code of conduct.
 - f. Discuss with the Company's General Counsel, and, where appropriate, outside counsel, legal matters, regulatory proceedings, and current and pending litigation that may have a material impact on the Company's financial statements, compliance policies, or corporate governance.
 - g. Review in-house policies and procedures for regular review of officers' expenses and perquisites, including use of corporate assets.
 - h. Review any unusual accounting issues that the Company intends to discuss with the SEC's accounting staff prior to when management contacts the SEC so as to provide the SEC with the Audit Committee's position on the Company's proposed accounting treatment as directed in the SEC's Guidance for Consulting with the Office of the Chief Accountant .
15. *Procedures for Complaints.* The Audit Committee shall establish procedures for:
- a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
 - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters; and
 - c. periodically reviewing the complaint procedures to confirm that they are can operate effectively.
- 16.

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Related-Party Transactions. The Audit Committee shall review all related party transactions on an ongoing basis and all such transactions must be approved by the Audit Committee.

17. *Quality-Control Report.* At least annually, the Audit Committee shall obtain and review a report by the independent auditor describing:
 - a. the firm's internal quality control procedures; and
 - b. any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

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18. *Risk Management.* The Audit Committee shall discuss the Company's policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the Company's exposure to risk is handled, the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures
19. *Additional Powers.* The Audit Committee shall have the authority to utilize additional outside accountants, attorneys, or other advisors to assist the Audit Committee in special circumstances. The Audit Committee shall have such other duties as may be delegated from time to time by the Board.

D. Procedures and Administration

1. *Meetings.* The Audit Committee shall meet as necessary to discharge its responsibilities but it shall meet at least quarterly, prior to the filing of the interim quarterly reports and annual report. The Audit Committee shall meet quarterly, in private sessions with the independent auditors to discuss pertinent matters, including the quality of management and financial personnel, and any management restrictions on the scope of the audit examination, or other matters that should be discussed with the Audit Committee. The Audit Committee, at least annually, shall meet separately with (i) Company management and (ii) as applicable, the Company personnel comprising the internal audit. The Audit Committee shall keep minutes of its meetings as it shall deem appropriate to accurately describe the issues considered by the Audit Committee and the Audit Committee's final due care determination of how to proceed.
2. *Subcommittees.* The Audit Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances. Any decision of a subcommittee to pre-approve audit or non-audit services shall be presented to the full Audit Committee at its next scheduled meeting.
3. *Reports to Board.* The Audit Committee shall report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit function.
4. *Independent Advisors.* The Audit Committee shall have the authority to engage and determine funding for such independent legal, accounting, and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Audit Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Audit Committee.
5. *Investigations.* The Audit Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Audit Committee or any advisors engaged by the Audit Committee.
6. *Annual Self-Evaluation.* At least annually, the Audit Committee shall evaluate its own performance and composition.
7. *Charter.* The Audit Committee shall provide to management and the outside auditors a copy of the Audit Committee charter to communicate the intended responsibilities and relationships between the Company's outside auditors, management, the Audit Committee and the Board as representatives of the stockholders. At least annually, the Audit Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

BIO-IMAGING TECHNOLOGIES, INC.

**PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
OF THE CORPORATION FOR THE ANNUAL MEETING OF STOCKHOLDERS**

The undersigned hereby constitutes and appoints Mark L. Weinstein and Ted Kaminer, and each of them, his or her true and lawful agent and proxy with full power of substitution in each, to represent and to vote on behalf of the undersigned all of the shares of Bio-Imaging Technologies, Inc. (the Company) which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company to be held at the Company's principal executive offices at 826 Newtown-Yardley Road, Newtown, Pennsylvania, on Wednesday, May 28, 2003, at 9:00 A.M., local time, and at any adjournment or adjournments thereof, upon the following proposals more fully described in the Notice of Annual Meeting of Stockholders and Proxy Statement for the Meeting (receipt of which is hereby acknowledged).

This proxy when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted FOR proposals 1, 2 and 3.

1. ELECTION OF DIRECTORS.

Nominees: James A. Bannon, Pharm.D.; Jeffrey H. Berg, Ph.D.; David E. Nowicki, D.M.D.; Allan Rubenstein, M.D.; David M. Stack; Paula B. Stafford; James A. Taylor, Ph.D.; and Mark L. Weinstein.

(Mark one only)

VOTE FOR all the nominees listed above; except vote withheld from the following nominees (if any). "

VOTE WITHHELD from all nominees. "

2. APPROVAL OF PROPOSAL TO RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS THE INDEPENDENT AUDITORS OF THE COMPANY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2003.

 " FOR " AGAINST " ABSTAIN

(continued and to be signed on reverse side)

3. In his discretion, the proxy is authorized to vote upon other matters as may properly come before the Meeting.

Dated: _____

Signature of stockholder

Signature of stockholder if held jointly

This proxy must be signed exactly as the name appears hereon. When shares are held by joint tenants, both should sign. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If a partnership, please sign in partnership name by authorized person.

I will " will not " attend the Meeting.

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY, USING THE ENCLOSED ENVELOPE.