MERIDIAN BIOSCIENCE INC
Form DEF 14A
December 10, 2009

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
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 þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
þ Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to Section 14a-12

Meridian Bioscience, 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):

þ No fee required.
o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4) Proposed maximum aggregate value of transaction:
(5) Total Fee Paid:
o Fee paid previously with preliminary materials.
o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

Table of Contents

MERIDIAN BIOSCIENCE, INC.
3471 River Hills Drive
Cincinnati, Ohio 45244
www.meridianbioscience.com
Notice of Annual Meeting
and Proxy Statement

Dear Shareholder:

Our Annual Meeting of Shareholders will be held at 2:00 p.m. on January 21, 2010 at the Holiday Inn, 4501 Eastgate Boulevard, Cincinnati, OH 45245. We hope you will attend.

At the meeting, you will hear a report on our operations and have a chance to meet your directors and executive officers.

This booklet includes the formal notice of the meeting and the proxy statement. The proxy statement tells you more about the agenda and procedures for the meeting. It also describes how the Board operates and gives personal information about our director candidates.

We are pleased to take advantage of new U.S. Securities and Exchange Commission rules that allow companies to furnish their proxy materials over the Internet. As a result, we are mailing to most of our shareholders a Notice of Internet Availability of Proxy Materials (the Notice) instead of a paper copy of this proxy statement and our Annual Report. The Notice contains instructions on how to access and review those documents over the Internet. We believe that this new process will allow us to provide our shareholders with the information they need in a more timely manner, while reducing the environmental impact and lowering the costs of printing and distributing our proxy materials. If you received a Notice by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice.

Whether or not you plan to attend the meeting, please complete, sign, date, and return your proxy card promptly in the enclosed envelope.

Sincerely yours,

/s/ William J. Motto

William J. Motto
Executive Chairman of the Board
December 10, 2009

Table of Contents

NOTICE OF ANNUAL MEETING
OF
SHAREHOLDERS OF MERIDIAN BIOSCIENCE, INC.

Time:
2:00 p.m., Eastern Standard Time
Date:
January 21, 2010
Place:
Holiday Inn
4501 Eastgate Blvd.
Cincinnati, Ohio 45245
Purpose:

Elect as directors the seven nominees named in the attached proxy materials

Ratify appointment of Grant Thornton LLP as Meridian s independent registered public accountants for fiscal year 2010

Conduct other business if properly raised

Only shareholders of record on November 23, 2009 may vote at the meeting. The approximate mailing date of this proxy statement and accompanying Proxy Card is December 10, 2009.
Your vote is important. Please complete, sign, date, and return your Proxy Card promptly in the enclosed envelope.

/s/ Melissa Lueke

Melissa Lueke
Secretary
December 10, 2009

TABLE OF CONTENTS

Meridian makes available, free of charge on its website, all of its filings that are made electronically with the Securities and Exchange Commission (SEC), including Forms 10-K, 10-Q and 8-K. These filings are also available on the SEC s website (www.sec.gov). To access these filings, go to our website (www.meridianbioscience.com). Copies of Meridian s Annual Report on Form 10-K for the fiscal year ended September 30, 2009, including financial statements and schedules thereto, filed with the SEC, are also available without charge to shareholders upon written request addressed to:

Melissa Lueke, Executive Vice President, Chief Financial Officer and Secretary
Meridian Bioscience, Inc.
3471 River Hills Drive
Cincinnati, Ohio 45244

Table of Contents

GENERAL INFORMATION

Who may vote

Shareholders of Meridian, as recorded in our stock register on November 23, 2009, may vote at the meeting. As of that date, Meridian had 40,496,745 shares of Common Stock outstanding.

How to vote

You may vote in person at the meeting or by proxy. We recommend you vote by proxy even if you plan to attend the meeting. You can always change your vote at the meeting.

How proxies work

Meridian s Board of Directors is asking for your proxy. Giving us your proxy means you authorize us to vote your shares at the meeting in the manner you direct. You may vote for all, some or none of our director candidates. You may also vote for or against the other proposals or abstain from voting.

If you sign and return the enclosed proxy card but do not specify how to vote, we will vote your shares in favor of our director candidates and the ratification of appointment of Grant Thornton LLP as Meridian s independent registered public accountants for fiscal year 2010. If any other matters come before the meeting or any postponement or adjournment thereof, each proxy will be voted in the discretion of the individuals named as proxies on the card.

You may receive more than one proxy or voting card depending on how you hold your shares. Shares registered in your name are covered by one card. If you hold shares through someone else, such as a stockbroker, bank, or nominee, you may get material from them asking how you want to vote.

Stockbrokers, banks and nominees holding shares for beneficial owners must vote those shares as instructed. If the stockbroker, bank, or nominee has not received instructions from you, the beneficial owner, the stockbroker, bank, or nominee generally has discretionary voting power only with respect to the ratification of appointment of the independent registered public accountants. However, unlike in years past, a stockbroker, bank, or nominee no longer has discretion to vote for or against the election of directors. In order to avoid a broker non-vote of your shares on the election of directors, you must send voting instructions to your stockbroker, bank or nominee.

Revoking a proxy

You may revoke your proxy before it is voted by submitting a new proxy with a later date, by voting in person at the meeting, or by notifying Meridian s Secretary in writing at the address under Questions? on page 28.

Table of Contents

Quorum

In order to carry on the business of the meeting, we must have a quorum. This means at least a majority of the outstanding shares eligible to vote must be represented at the meeting, either by proxy or in person.

Votes needed

The seven director candidates receiving the most votes will be elected to fill the seats on the Board. The ratification of appointment of accountants requires the favorable vote of a majority of the votes cast. Only votes for or against these proposals count. Abstentions and broker non-votes count for quorum purposes but not for voting purposes. Broker non-votes occur when a broker returns a proxy card but does not have authority to vote on a particular proposal.

Other Matters

Any other matters considered at the meeting, including postponement or adjournment, will require the affirmative vote of a majority of the votes cast.

ELECTION OF DIRECTORS

(Item 1 on the Proxy Card)

The Nominating Committee of the Board of Directors has nominated for re-election all of the following current directors: James M. Anderson, James A. Buzard, John A. Kraeutler, Gary P. Kreider, William J. Motto, David C. Phillips and Robert J. Ready.

Proxies solicited by the Board will be voted for the election of these nominees. All directors elected at the Annual Shareholders Meeting will be elected to hold office until the next annual meeting. In voting to elect directors, shareholders are entitled to cumulate their votes and to give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of shares held by the shareholder, or to distribute their votes on the same principle among as many candidates as the shareholder sees fit. In order to invoke cumulative voting, notice of cumulative voting must be given in writing by a shareholder to the Chief Executive Officer, a Vice President or the Secretary of Meridian not less than 48 hours prior to the Annual Shareholders Meeting. The proxies solicited include discretionary authority to cumulate votes.

All Meridian directors are elected for one-year terms. Personal information on each of our nominees is given below. If a director nominee becomes unavailable before the election, your proxy card authorizes us to vote for a replacement nominee if the Board names one.

Table of Contents

The Board recommends that you vote FOR each of the following candidates:

James M. Anderson Director since 2009 Age: 67	James M. Anderson is currently the President and Chief Executive Officer of Cincinnati Children s Hospital Medical Center, although he has announced he will step down as of the end of calendar 2009. He was recently appointed chairman of the Board of the Cincinnati Branch of the Federal Reserve Bank of Cleveland. Prior to joining the staff of Cincinnati Children s, Mr. Anderson was a partner in the general corporate department at Taft, Stettinius & Hollister for 24 years (1968-1977; 1982-96) and president of US operations at Xomox Corporation (1977-82), a publicly-traded manufacturer of specialty process controls.
James A. Buzard, Ph.D. Director since 1990 Age: 82	James A. Buzard, Ph.D. serves as Chairman of the Nominating and Corporate Governance Committee. Mr. Buzard was Executive Vice President of Merrell Dow Pharmaceuticals Inc. from March 1981 until December 1989. From December 1989 until his retirement in February 1990, he was Vice President of Marion Merrell Dow, Inc. He has been a business consultant since February 1990.
John A. Kraeutler Director since 1997 Age: 61	John A. Kraeutler has more than 30 years of experience in the medical diagnostics industry and joined Meridian as Executive Vice President and Chief Operating Officer in January 1992. In July 1992, Mr. Kraeutler was named President of Meridian, and in January 2008, Mr. Kraeutler was named Chief Executive Officer of Meridian. Before joining Meridian, Mr. Kraeutler served as Vice President, General Manager for a division of Carter-Wallace, Inc. Prior to that, he held key marketing and technical positions with Becton, Dickinson and Company and Organon, Inc.
Gary P. Kreider, Esq. Director since 1991 Age: 71	Gary P. Kreider serves as Board Secretary. Mr. Kreider is a senior partner in the Cincinnati law firm of Keating Muething & Klekamp PLL, the Company s outside counsel. His primary practice areas are securities law, mergers and acquisitions, and general corporate law, and he has been with Keating Muething & Klekamp since 1963. Effective October 1, 2005, Mr. Kreider no longer has a vote or partnership interest in the firm s earnings or revenues, although his affiliation with the firm continues. Mr. Kreider has been an Adjunct Professor of Law in securities regulation at the University of Cincinnati College of Law since 1977 and is a past Chairman of the Ohio State Bar Association Corporation Law Committee. Mr. Kreider is also a director of LSI Industries Inc.

Table of Contents

William J. Motto Director since 1977 Age: 68	William J. Motto has more than 35 years of experience in the pharmaceutical and diagnostics products industries, is a founder of Meridian and has been Chairman of the Board since 1977. Mr. Motto became Executive Chairman of the Board in January 2008. Before forming Meridian, Mr. Motto served in various capacities for Wampole Laboratories, Inc., Marion Laboratories, Inc. and Analytab Products, Inc., a division of American Home Products Corp.
David C. Phillips Director since 2000 Age: 71	David C. Phillips serves as Chairman of the Audit Committee. Mr. Phillips spent 32 years with Arthur Andersen LLP. His service with this firm included several managing partner leadership positions. After retiring from Arthur Andersen in 1994, Mr. Phillips became Chief Executive Officer of Downtown Cincinnati, Inc., which is responsible for economic revitalization of Downtown Cincinnati. Mr. Phillips retired from DCI in 1999 to devote full time to Cincinnati Works, Inc., an organization dedicated to reducing the number of people living below the poverty level by assisting them to strive towards self-sufficiency through work, and his financial consulting services. Mr. Phillips serves as a director of Cintas Corporation.
Robert J. Ready Director since 1986 Age: 69	Robert J. Ready serves as Chairman of the Compensation Committee. Mr. Ready founded LSI Industries Inc., Cincinnati, Ohio in 1976, which engineers, manufactures and markets commercial/industrial lighting and graphics products, and has served as its President and Chairman of its Board of Directors since that time.

RATIFICATION OF APPOINTMENT OF ACCOUNTANTS
(Item 2 on the Proxy Card)

Although not required, we are seeking shareholder ratification of the Audit Committee s selection of Grant Thornton LLP as Meridian s independent registered public accounting firm for the 2010 fiscal year. The affirmative vote of a majority of shares voting at the meeting is required for ratification. If ratification is not obtained, the Audit Committee intends to continue the employment of Grant Thornton at least through fiscal 2010. Representatives of Grant Thornton are expected to be present at the Annual Shareholders Meeting and will be given an opportunity to make a statement, if they so desire, and to respond to appropriate questions that may be asked by shareholders.

Table of Contents

Principal Accounting Firm Fees:
Aggregate fees billed to Meridian by Grant Thornton LLP for fiscal years 2009 and 2008 are listed below:

	2009	2008
Audit Fees	$ 271,500	$ 283,000
Audit-Related Fees	17,078	38,229
	$ 288,578	$ 321,229

Audit Fees. Audit fees are the fees billed for professional services rendered by Meridian s independent registered public accounting firm for their audit of Meridian s consolidated annual financial statements for the fiscal years ended September 30, 2009 and 2008, respectively, and reviews of the unaudited quarterly consolidated financial statements contained in the reports on Form 10-Q filed by Meridian during those years and on reporting on Meridian s internal control during those years.

Audit-Related Fees. Audit-related fees are the fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Meridian s financial statements.

The Board recommends that you vote FOR the ratification of appointment of Grant Thornton LLP as Meridian s independent registered public accounting firm for the 2010 fiscal year.

CORPORATE GOVERNANCE

As an Ohio corporation, Meridian is governed by the corporate laws of Ohio. Since its common shares are publicly traded on the Nasdaq Global Select Market and it files reports with the Securities and Exchange Commission, it is also subject to Nasdaq rules and federal securities laws.

Governance of the corporation is placed in the hands of the directors who, in turn, elect officers to manage the business operations. The Board oversees the management of Meridian on your behalf. The Board reviews Meridian s long-term strategic plans and exercises direct decision making authority in all major decisions, such as acquisitions, the declaration of dividends, major capital expenditures and the establishment of company policies.

In accordance with Nasdaq rules, our Board of Directors affirmatively determines the independence of each director and nominee for election as a director in accordance with the elements of independence set forth in the Nasdaq listing standards and Exchange Act rules. Meridian s Director Independence Standards are available at our website www.meridianbioscience.com. Based on these standards, the Board determined that each of the following members of the Board is independent: James M. Anderson, James A.

Table of Contents

Buzard, Gary P. Kreider, David C. Phillips, and Robert J. Ready. In 2009, the Board of Directors revised its Committee membership structure. Mr. Kreider, an independent outside Director since 1991, no longer chairs or serves on any of the Board Committees. He remains a Director and serves as recording secretary. Only independent directors serve on Committees of the Board.

During fiscal 2009, the Board of Directors met on four occasions. The independent directors plan to meet at least two times during fiscal 2010 without the presence of management directors. The independent members of the Board had one such meeting in fiscal 2009. The independent directors select one of such directors to preside over each session.

Meridian expects all directors to attend shareholders meetings. With the exception of James M. Anderson, who had not yet been appointed as a director at that time, each director attended the 2009 Annual Shareholders Meeting, all meetings of the Board and all meetings of Committees of which he was a member. Mr. Anderson attended all meetings of the Board subsequent to his appointment to the Board in July 2009.

Shareholders may communicate with the full Board or individual directors on matters concerning Meridian by mail or through our website, in each case to the attention of the Secretary, the address for whom is set forth on the last page of this proxy statement.

The Board has adopted a Code of Ethics applicable to Meridian s officers, directors and employees. This Code of Ethics is posted on www.meridianbioscience.com. To the extent permitted by Nasdaq Marketplace Rule 5610, any amendments to or waivers from the Code of Ethics will be posted on our website within four business days after the date of an amendment.

The directors have organized themselves into the committees described below. Each of these Committees has a charter posted on www.meridianbioscience.com. Meridian does not have an Executive Committee of its Board of Directors.

The Audit Committee is composed of David C. Phillips (Chairman), James A. Buzard and Robert J. Ready. It met nine times during fiscal 2009 and took no actions in writing. Each member is able to read and understand fundamental financial statements. David C. Phillips has been designated as an Audit Committee financial expert as that term is defined by the Securities and Exchange Commission.

The Committee oversees the accounting and financial reporting processes of Meridian and the audits of its financial statements by its independent registered public accounting firm. The Committee is solely responsible for the appointment, compensation, retention and oversight of Meridian s independent registered public accounting firm. The Audit Committee also evaluates information received from Meridian s independent registered public accounting firm and management to determine whether the independent registered public accounting firm is independent of management. The independent registered public accounting firm reports directly to the Audit Committee.

Table of Contents

In addition, the Audit Committee has established procedures for the receipt, retention and treatment of complaints received by Meridian concerning accounting, internal accounting controls or auditing matters and has established procedures for the confidential and anonymous submission by employees of any concerns they may have regarding questionable accounting or auditing matters.

The Audit Committee, or its Chairman, approves all audit and non-audit services performed for Meridian by its independent registered public accounting firm before those services are commenced. The Chairman reports to the full Committee at each of its meetings regarding pre-approvals he made since the prior meeting and the Committee approves what he has done between meetings. For these purposes, the Committee or its Chairman is provided with information as to the nature, extent and purpose of each proposed service, as well as the approximate timeframe and proposed cost arrangements for that service.

The Committee has submitted the following report for inclusion in this proxy statement.

REPORT OF THE AUDIT COMMITTEE

On April 15, 2009, the Audit Committee met with representatives of Grant Thornton and Meridian s internal accountants and reviewed with them the proposed 2009 Audit Plan, areas warranting particular concentration on the audit and the effects of new accounting pronouncements. The Grant Thornton representatives reviewed with the Committee written disclosures required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountants communications with the Audit Committee concerning independence, discussed with the Committee the independent accountants independence, and has presented a letter regarding that matter to the Committee. The Committee discussed with Grant Thornton its independence. In concluding that the auditors are independent, we determined, among other things, that the nonaudit services provided by the auditors were compatible with their independence.

At its meeting on November 11, 2009, the Committee reviewed and discussed with management, Grant Thornton and Meridian s accounting officers the results of the audit for fiscal 2009, including the audited financial statements. The Committee reviewed the requirements of its Charter previously adopted and the reports that were required to be disclosed to the Committee. The committee discussed with Grant Thornton the matters required to be discussed by Public Company Accounting Oversight Board (PCAOB) Interim Auditing Standard AU Section 380, *Communication with Audit Committees*.

Based on the above mentioned review, the Committee recommended to the Board of Directors that the audited financial statements of Meridian be included in its Annual Report on Form 10-K for the year ended September 30, 2009 for filing with the Securities and Exchange Commission.

During its meetings throughout the year, the Committee reviewed procedures related to the receipt, retention and treatment of any complaints concerning accounting, internal accounting controls or auditing matters. Also during its meetings throughout the year, the Chairman of the Audit Committee reported to the full Committee the independent accountants fees that

Table of Contents

had been pre-approved and the Committee approved such fees. Certain fees were pre-approved by the full Committee. The Committee also reviewed the requirements of and Meridian s ongoing compliance with Section 404 of the Sarbanes-Oxley Act.

Respectfully submitted,
Audit Committee
David C. Phillips (Chairman)
Robert J. Ready
James A. Buzard

The Compensation Committee is composed of Robert J. Ready (Chairman), James A. Buzard, and David C. Phillips and is responsible for establishing compensation for executive officers and administering the Company s compensation plans. This includes establishing salary levels and bonus plans, making bonus and stock-based awards, and otherwise dealing in all matters concerning compensation of the executive officers. The Compensation Committee met two times and took no actions in writing during fiscal 2009.

In general, the Compensation Committee annually reviews the Company s compensation programs and its philosophy in setting performance targets in November of each year. At that time, the Company provides the Compensation Committee with information on total compensation received for all executive officers, including the sources of such compensation, for the immediately preceding fiscal year and recommendations for the current fiscal year. In discharging the responsibilities of the Board of Directors relating to compensation of the Company s Chief Executive Officer and other executive officers, the purposes of the Compensation Committee are, among others, (i) to review and approve the compensation of the Company s Chief Executive Officer and other executive officers and (ii) to oversee the compensation policies and programs of the Company, including stock and benefit plans. The Compensation Committee s specific functions include adopting, administering and approving the Company s incentive compensation and stock plans and awards, including amendments to the plans or awards and performing such duties and responsibilities under the terms of any executive compensation plan, incentive-compensation plan or equity-based plan. The Compensation Committee has the authority to delegate any of its responsibilities to subcommittees as the Compensation Committee may deem appropriate in its sole discretion. The Compensation Committee has the authority to engage consultants and advisors. The Compensation Committee did not engage a consultant this year. The Compensation Committee has an appropriate level of contact among its members and the Company s executive officers in connection with the analysis of this data.

The Executive Chairman, Mr. Motto, provides input and recommendations to the Compensation Committee with respect to the compensation to be paid to the non-employee members of the Board, as well as Mr. Kraeutler. As Meridian s Chief Executive Officer, Mr.

Table of Contents

Kraeutler provides recommendations to the Compensation Committee with respect to compensation to be paid to the other corporate officers.

To achieve compensation objectives, the Committee believes it is important to provide competitive levels of compensation to retain the most qualified employees, to recognize individuals who exceed expectations and to closely link executive compensation with corporate performance. The Committee believes Meridian s long-term objectives can be achieved through cash incentive compensation plans and equity incentive compensation plans.

The Compensation Committee s processes and procedures for the consideration and determination of executive and director compensation are discussed in the section entitled Compensation Discussion and Analysis in this proxy statement.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee has ever been an officer or employee of the Company. None of the members of the Compensation Committee is or was a participant in any related person transaction in fiscal 2009 (see the section entitled Transactions With Related Persons in this proxy statement for a description of our policy on related person transactions). Lastly, none of the members of the Compensation Committee is an executive officer of another entity at which one of our executive officers serves on the Board of Directors. No named executive officer of Meridian serves as a director or as a member of a committee of any company of which any of the Company s non-employee directors are executive officers.

The Nominating Committee consists of James A. Buzard (Chairman), Robert J. Ready, and David C. Phillips. It met one time last year and took no actions in writing. On November 12, 2009, the Nominating Committee considered and nominated the current directors for re-election. The Nominating Committee identifies qualified nominees for the Board, determines who will be nominated by the Company for election to the Board and recommends to the full Board any changes in the size of the Board.

In nominating directors, the Nominating Committee takes into account, among other factors which it may deem appropriate, the judgments, skill, diversity, business experience, and the needs of the Board as its function relates to the business of the Company. The Committee considers candidates for nomination from a variety of sources including recommendations of shareholders. Shareholders desiring to submit recommendations for nominations by the Committee should direct them to the Executive Chairman in care of the Company at its address shown on the cover page of this proxy statement.

The Nominating Committee will assess the qualifications of all candidates for the Board on an equal basis. In identifying and considering candidates for nomination to the Board, the Nominating Committee considers, among other factors, quality of experience, the needs of the Company and the range of talent and experience currently represented on the Board.

Table of Contents

During several Board meetings in fiscal 2009, the Board discussed the benefits of adding new members to the Board. Pursuant to this, the Nominating Committee considered potential candidates and chose to meet with James M. Anderson. Based upon the review of his qualifications and the favorable results of their meeting, the Board proceeded to nominate him as a candidate to the Board. Mr. Anderson was appointed to the Board in July 2009.

DIRECTORS AND EXECUTIVE OFFICERS

This table lists the executive officers and directors of Meridian and shows the number of shares beneficially owned, as determined under SEC rules, on November 23, 2009. Beneficial ownership includes any shares as to which the individual has sole or shared voting or investment power and also any shares that the individual has the right to acquire as of January 22, 2010 (60 days after November 23, 2009).

		Common Stock Beneficially Owned	
Name	Position	Amount[1]	Percentage
William J. Motto	Executive Chairman of the Board of Directors	164,196	*
John A. Kraeutler	Chief Executive Officer and Director	317,260	*
Antonio A. Interno[2]	Senior Vice President, President and Managing Director, Meridian Bioscience Europe	87,955	*
Richard L. Eberly[3]	Executive Vice President, President Meridian Life Science	33,750	*
Lawrence J. Baldini[4]	Executive Vice President, Operations and Information Systems	53,750	*
Melissa A. Lueke[5]	Executive Vice President, Chief Financial Officer and Secretary	126,015	*
Susan A. Rolih[6]	Senior Vice President, Regulatory Affairs & Quality Assurance	107,750	*
Todd W. Motto[7, 8]	Vice President, Sales and Marketing	515,328	1.3%
James M. Anderson[9]	Director	4,750	*
James A. Buzard, Ph.D[10, 11, 12]	Director	37,500	*
Gary P. Kreider[13]	Director	30,188	*

Robert J. Ready[10, 11, 12]	Director	74,347	*
David C. Phillips[10, 11, 12]	Director	43,350	*
All Executive Officers and Directors as a Group		1,596,139	3.9%

Table of Contents

1 Includes options exercisable within 60 days for Mr. William Motto of 65,738 shares, Mr. Kraeutler of 42,000 shares, Mr. Interno of 21,000 shares, Mr. Eberly of 26,250 shares, Ms. Lueke of 42,000 shares, Ms. Rolih of 85,875 shares, Mr. Baldini of 26,250 shares, Mr. Todd Motto of 61,125 shares, Mr. Anderson of 3,750 shares, Mr. Buzard of 22,500 shares, Mr. Kreider of 27,714 shares, Mr. Ready of 58,998 shares and Mr. Phillips of 27,714 shares.

2 Antonio A. Interno was appointed Vice President in August 1991, Senior Vice President in September 1997, and President, Managing Director, Meridian Bioscience Europe in October 2003. He has been Managing

Director of Meridian s European subsidiaries, Meridian Bioscience Europe, since February 1990. Age: 59

3 Richard L. Eberly was appointed Vice President of Sales and Marketing in January 1997, Executive Vice President in May 2000, Executive Vice President, General Manager of Meridian Life Science in February 2003 and Executive Vice President and President Meridian Life Science in October 2005. He has over 18 years of experience in the medical diagnostics industry and joined Meridian in March 1995. Prior to his appointment to Vice President of Sales and Marketing, Mr. Eberly served as the Director of Sales for Meridian. Before joining Meridian, he held key sales

and marketing positions at Abbott Diagnostics, Division of Abbott Laboratories. Age: 48

4 Lawrence J. Baldini was appointed Vice President of Operations in April 2001 and Executive Vice President, Operations and Information Systems in October 2005. Before joining Meridian, Mr. Baldini held various operations management positions with Instrumentation Laboratories and Fisher Scientific. Age: 50

5 Melissa A. Lueke was appointed Vice President, Chief Financial Officer and Secretary in January 2001 and Executive Vice President, Chief Financial Officer and Secretary in November 2009. Prior to her appointment, Ms. Lueke served as Meridian s Controller since

March 2000 and Acting Secretary from July 20, 2000 to January 23, 2001. Before joining Meridian, Ms. Lueke was employed by Arthur Andersen LLP from June 1985 to January 1999, most recently as a Senior Audit Manager. Age: 46

6 Susan A. Rolih was appointed Vice President of Regulatory Affairs and Quality Assurance in May 2001 and Senior Vice President of Regulatory Affairs and Quality Assurance in April 2008. Before joining Meridian, Ms. Rolih held various regulatory and quality positions with Immucor, Inc. Age: 60

7 Todd W. Motto was appointed Vice President Sales and Marketing in October 2005. Prior to this, Mr. Motto served in a number of

different sales and marketing positions for Meridian, beginning in 1993. Most recently, he served as Meridian s Director of Sales and Marketing, Meridian Bioscience Europe for the last five years. Age: 43

8 Includes 188,846 shares held as custodian for his children and his nieces and nephews.

9 James M. Anderson was appointed as a Director in July 2009.

10 Audit Committee Member.

11 Compensation Committee Member.

12 Nominating Committee Member.

13 Includes 325 shares held by his wife and 758 shares held as custodian for his grandchildren.

* Less than one percent.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table lists the persons known by the Company to be the beneficial owners of more than five percent of the Company s Common Stock as of November 23, 2009, unless otherwise noted. Beneficial ownership includes any shares as to which the individual has sole or shared voting or investment power.

Name and address of beneficial owner	Amount and nature of beneficial ownership	Percent of class[1]
Barclays Global Investors, NA 400 Howard Street San Francisco, CA 94105	2,540,548	6.30
Brown Capital Management, Inc. 1201 N. Calvert Street Baltimore, MD 21202	2,218,961	5.48

1 For the beneficial owners listed in the table, the percentages listed reflect disclosures in the Schedule 13Gs filed by each beneficial owner with the Securities and Exchange Commission.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16 of the Securities Exchange Act of 1934 requires Meridian s executive officers, directors and persons who own more than ten percent of a registered class of Meridian s equity securities to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Based on a review of the copies of such forms received by it, Meridian believes that during the last fiscal year, all of its executive officers, directors and ten percent stockholders complied with the Section 16 reporting requirements, with the exceptions that Mr. Todd Motto filed one late ownership report with respect to the exercise of stock options and Mr. William J. Motto filed one late ownership report with respect to an estate planning transaction. This transaction involved the transfer of William J. Motto s shares into a trust over which he claims no beneficial ownership. The shares were incorrectly reported as being beneficially owned by Mr. Motto. In making these statements, Meridian has relied upon examination of the copies of Forms 3, 4, and 5, and amendments thereto, and the written representation of its directors and executive officers.

TRANSACTIONS WITH RELATED PERSONS

Todd Motto, the adult son of William J. Motto, is Vice President, Sales and Marketing. Todd Motto received $264,679 in compensation for fiscal 2009. This compensation consisted of base salary of $200,700, $8,850 of auto and professional allowances, $13,082 of retirement plan contributions, $38,634 related to stock option awards expense related to awards earned in previous years, and $3,413 for dividends on restricted stock granted under the 2004 Equity Compensation Plan.

Nasdaq rules require the Company to conduct an appropriate review of related party transactions required to be disclosed by the Company pursuant to SEC Regulation S-K Item

12

Table of Contents

404 for potential conflict of interest situations on an ongoing basis and that all such transactions must be approved by the Audit Committee or another committee comprised of independent directors. As a result, the Audit Committee annually reviews all such related party transactions and approves each related party transaction if it determines that it is in the best interests of the Company. Additionally, the Audit Committee s Charter provides it the authority to review, approve and monitor transactions involving the Company and related persons (directors and executive officers or their immediate family members, or shareholders owning five percent or greater of the Company s outstanding stock). This also covers any related person transaction that meets the minimum threshold for disclosure in the proxy statement under the relevant SEC rules (generally, transactions involving amounts exceeding $120,000 in which a related person has a direct or indirect material interest). In considering the transaction, the Audit Committee may consider all relevant factors, including, as applicable, (i) the Company s business rationale for entering into the transaction; (ii) the alternatives to entering into a related person transaction; (iii) whether the transaction is on terms comparable to those available to third parties, or in the case of employment relationships, to employees generally; (iv) the potential for the transaction to lead to an actual or apparent conflict of interest and any safeguards imposed to prevent such actual or apparent conflicts; and (v) the overall fairness of the transaction to the Company. This policy is included in the Company s Employee Handbook. The approval of such related person transactions are evidenced by internal Company resolutions or memoranda.

COMPENSATION DISCUSSION AND ANALYSIS

Throughout this proxy statement, the individuals who served as the Company s Chief Executive Officer and Chief Financial Officer during fiscal 2009, as well as the other individuals listed in the Summary Compensation Table below, are referred to as the named executive officers or NEOs.

Compensation Philosophy and Objectives

Our policies regarding executive compensation programs are intended to balance motivating, rewarding, and retaining executives with a competitive compensation package, and maximizing long-term shareholder value by linking compensation earned to both individual and Company performance. Compensation typically includes base salary, eligibility for annual cash bonuses and stock-based awards contingent on Company performance and/or future service, retirement plan contributions, and other Company-sponsored benefits. A significant portion of each executive officer s cash bonus and stock-based awards are dependent upon achieving business and financial goals and realizing other performance objectives. Examples of Company performance metrics for which we measure achievement are sales growth, net earnings growth and profit margins (gross profit, operating income and net earnings). Annual performance targets for these metrics are set at or above industry averages and historical results. Our compensation programs are intended to reward individual contributions (for example, bringing a new product to market) and Company-wide achievement of performance metric targets (for example, overall sales and net earnings growth).

The Compensation Committee of the Board of Directors is responsible for the development and ongoing oversight of compliance with this compensation philosophy. The Compensation Committee ensures that the total compensation paid to the NEOs is fair, reasonable, and competitive.

Establishing Compensation Levels

Compensation levels for the NEOs are driven by market pay levels, the executive officer s leadership performance and overall Company performance. The Compensation Committee relies upon a combination of judgment (which is necessarily subjective) and guidelines (discussed herein), as well as market data, in determining the amount and mix of compensation components for the Executive Chairman. The compensation levels for the Chief Executive Officer are recommended to the Compensation Committee by the Executive Chairman; the compensation levels for the other NEOs are recommended by the Chief Executive Officer. The Compensation Committee has discretion to follow or modify such recommended levels of compensation. The Compensation Committee considers as crucial the input of our Executive Chairman and Chief Executive Officer in connection with its compensation processes and decisions relating to NEO compensation. The Compensation Committee is not obligated to follow their recommendations. The Company does not engage in strict numerical benchmarking in determining the percentage increases for the NEOs.

Market Pay Levels

Market pay levels for the NEOs are determined annually in November for the upcoming calendar year. From time to time, at the request of the Compensation Committee, an outside financial advisor is used to gather and summarize for the Company disclosures of executive compensation paid by other publicly traded companies in the diagnostic and life science industries, as well as those outside such industries in the Greater Cincinnati area. This information concerns base salary, bonus awards and long-term incentive awards such as stock options and/or restricted stock for these peer companies, as well as their revenue, net earnings and market capitalization levels in order to take company size into consideration. The Compensation Committee considers this competitive market compensation paid by such companies, but does not attempt to maintain a certain target percentile within a peer group or otherwise rely on that data to determine executive compensation. This means that the Compensation Committee considers this information generally and as a reference point in determining the amounts and elements of our compensation program. For example, the Compensation Committee periodically reviews proxy statements of our industry peers to review their long-term incentive components in order to understand compensation trends in stock options, restricted stock and similar equity instruments. In other words, although it does not utilize such information for benchmarking purposes, the Compensation Committee considers such information as part of its decision-making process with respect to the Company s executive compensation programs.

Company Performance

We believe that certain Company performance metrics drive shareholder value through stock price appreciation and dividends. We take this belief into account in setting performance metric targets that are considered in establishing the performance-based component of our

Table of Contents

compensation programs. Performance metric targets that are taken into consideration in our compensation programs include sales growth, earnings growth and profit margins. These targets are set at or above industry averages and historical results.

Our cash bonus and a portion of our stock-based award programs operate under the fundamental principle that minimum levels of net earnings be achieved prior to any compensation being earned under these programs. Net earnings targets are determined based on what the Company believes to be meaningful growth rates relative to its industry peers and the Company s performance objectives. Stock-based awards granted under performance programs are forfeited if the Company does not meet its minimum earnings targets as specified in each grant.

Recovery of Prior Awards

Except as provided by applicable laws and regulations, we do not have a policy with respect to adjustment or recovery of awards or payments if relevant Company performance measures upon which previous awards were based are restated or otherwise adjusted in a manner that would reduce the size of such award or payment. Under those circumstances, we expect that the Compensation Committee and the Board would evaluate whether compensation adjustments were appropriate based upon the facts and circumstances surrounding the applicable restatement or adjustment.

Tally Sheets

In setting the NEOs compensation, the Compensation Committee reviews all components of such compensation through the use of tally sheets. These tally sheets provide the amount of total compensation paid or earned by each NEO based on his or her base salary, cash bonus, stock-based awards, retirement contributions, and perquisites. The tally sheets reviewed provide all of the information that is reflected in the Summary Compensation Table. The review by the Compensation Committee analyzes how changes in any element of compensation would impact other elements, particularly severance or change in control benefits, if applicable to the executive. Although this year such analysis did not result in the issuance of additional awards, such analysis has become an important component in the Compensation Committee s review of executive compensation as the tally sheet allows the Compensation Committee to consider an executive s overall compensation rather than only one or two specific components of an executive s compensation. This allows the Compensation Committee to make compensation decisions and evaluate management recommendations based on a complete analysis of an executive s total compensation.

Components of Executive Compensation

Meridian s executive compensation and benefits packages consist of: base salary, cash bonuses, long-term equity incentive awards, and Company-sponsored benefit and retirement plans. Each of these components has a certain risk profile.

Table of Contents

Element	Form of Compensation	Purpose	Risk Profile
Base Salaries	Cash	Provides competitive, fixed compensation to attract and retain exceptional executive talent	Low to moderate
Annual Cash Incentives	Cash	Provides a direct financial incentive to achieve corporate and individual operating goals	Moderate to high
Long-Term Equity Incentives	Incentive stock options, non-qualified stock options, restricted stock and stock appreciation rights	Encourages executive officers to build and maintain a long-term equity ownership position in Meridian so that their interests are aligned with our shareholders	High
Health, Retirement and Other Benefits	Eligibility to participate in benefit plans generally available to our employees, including Retirement Plan contributions, premiums paid on long-term disability and life insurance policies, and certain perquisites	Benefit plans are part of a broad-based employee benefits program; the perquisites provide competitive benefits to our executive officers	Low

The Compensation Committee has reviewed the risk profile of the components of the Company s executive compensation program, including the performance objectives and target levels used in connection with incentive awards, and has considered the risks an NEO might be incentivized to take with respect to such components. When establishing the mix among these components, the Compensation Committee is careful not to encourage excessive risk taking. Specifically, the performance objectives contained in the Company s executive compensation programs have been balanced between annual and long-term incentive compensation to ensure that both components are aligned and consistent with our long-term business plan and that our overall mix of equity-based awards has been allocated to promote an appropriate combination of incentive and retention objectives.

The Compensation Committee believes that the Company s executive compensation program does not incentivize the NEOs to engage in business activities or other behavior that would threaten the value of the Company or the investments of its shareholders.

The Compensation Committee continues to monitor and evaluate on an on-going basis the mix of compensation, especially equity compensation, awarded to the named executive officers, and the extent to which such compensation aligns the interests of the NEOs with those of the Company s shareholders. In connection with this practice, the Compensation Committee has, from time to time, reconsidered the structure of the Company s executive compensation program and the relative weighting of various compensation elements. As an example, since 2008 the Committee has granted a mix of restricted stock awards and options to key executives in place of solely options. As discussed below, some of the restricted stock awards are time-based, while others are performance-based.

Interplay of Compensation Elements

We believe that each element of our compensation program plays a substantial role in maximizing long-term value for our shareholders and employees because of the significant emphasis on pay-for-performance principles. Despite the Company attaining record sales and earnings levels in fiscal 2009, we did not reach our minimum net earnings targets, and therefore, our NEOs did not earn any cash bonuses or the performance-based restricted shares of Common Stock for fiscal 2009. We held to our pay-for-performance principles, which had a significant effect on the amount of compensation realized by our executive officers.

We strive to achieve an appropriate mix between equity incentive awards and cash payments in order to meet our objectives. We use the Officers Performance Compensation Plan as another tool to assess an executive s total pay opportunities and whether we have provided the appropriate incentives to accomplish our compensation objectives. Our mix of compensation elements is designed to reward recent results and motivate long-term performance through a combination of cash and stock-based awards. We also seek to balance compensation elements that are based on financial, operational and strategic metrics with others that are based on the performance of Meridian shares via application of the personal multiplier component of cash bonuses for the Executive Chairman and the Chief Executive Officer. We believe the most important indicator of whether our compensation objectives are being met is our ability to motivate our NEOs to deliver superior performance and retain them to continue their careers with Meridian on a cost-effective basis.

Base Salary

The Company pays salaries that are designed to attract, motivate and retain experienced executives who will drive superior Company performance and maintain long-term shareholder value. The Compensation Committee considers recommendations from the Executive Chairman and Chief Executive Officer and approves annual base salaries that are commensurate with each NEO s responsibilities and performance, as well as Company performance in the prior fiscal year, which are competitive with similar positions locally and in the industry. Salaries are set on a calendar year basis and therefore salaries paid in the first three months of each fiscal year beginning on the first day of October are set in the prior fiscal year.

For 2010, the Chief Executive Officer, Mr. Kraeutler, provided recommendations to the Compensation Committee for salary increases for the NEOs, other than himself and the

Executive Chairman, which were 4%, except for the Chief Financial Officer. The recommendation for the Chief Financial Officer was an increase of 12% as a result of her promotion to Executive Vice President and the additional responsibilities associated with this promotion. The Compensation Committee followed these recommendations. The Compensation Committee set the salary increase for the Executive Chairman and the Chief Executive Officer at 4% for each, based on its satisfaction with their leadership during a challenging economic environment around the world. Salary increase percentages for the NEOs were considered by the Compensation Committee to be consistent with the percentage increases provided in general to other Meridian employees.

Cash Bonuses

The Compensation Committee believes that employees should be rewarded based on Company results and individual performance. The Compensation Committee awards cash bonuses pursuant to the Officers Performance Compensation Plan, contingent upon Company performance. Cash bonuses, if earned, are paid in the first quarter of each fiscal year, for the prior year s performance. Cash bonuses are subject to the Company s attainment of a specific net income target. Should the Company fail to reach such net income target, no cash bonuses are paid.

Cash bonuses are also subject to the application of a personal achievement multiplier as recommended by management, except that no such recommendation is made by management for the Executive Chairman, Mr. Motto, or the Chief Executive Officer, Mr. Kraeutler. In evaluating the personal achievement multipliers, the Compensation Committee takes into consideration the sales and net earnings levels, sales and net earnings growth rates and achievement against plan, profit margins and improvements therein, and individual achievements and leadership of the NEOs. Instead of establishing specific quantifiable targets for each of these factors, the Compensation Committee exercises its discretion in using the factors to determine each NEO s personal achievement multiplier. Specifically, the Compensation Committee does not establish measurable objective targets in connection with its deliberation of such factors. The adoption and application of such factors are intended to be discretionary and subjective so that the Compensation Committee can use its business judgment to provide an appropriate incentive and award for performance that sustains and enhances long-term shareholder value. The Compensation Committee believes that such discretionary and subjective components allow it to respond appropriately as business and strategic environments change and are appropriate for the size of the Company. The personal achievement multiplier choices are 0.5, 1.0, 1.25, 1.5 or 2.0. For example, a personal achievement multiplier of 1.25 would result in a bonus payout percentage of 37.5% when applied to a 30% base salary component.

Company Performance Component and 2009 Results

The 2009 Plan, which was similar in form to the plans utilized over the last several fiscal years, provided for the granting of cash bonuses as a percent of base salary if 2009 net earnings reached at least $36,050,000. Depending on the level of net earnings achieved and the application of the personal multiplier, cash bonuses could range from 5% to 120% of base salary. The 2009 Plan included six net earnings thresholds ranging from a low of

$36,050,000 to a high of $37,875,000. These six net earnings thresholds represented growth over 2008 net earnings ranging from a low of 19% to a high of 25%. The corresponding potential bonus payouts as a percent of base salary, before application of the personal multiplier, for the six net earnings thresholds ranged from a low of 10% to a high of 60%. Actual net earnings for 2009 were $32,759,000, a record for the Company and 8% growth over 2008. However, actual net earnings were below the minimum threshold, and therefore, there were no cash bonuses awarded to the NEOs for fiscal 2009 performance.

2010

At its November 12, 2009 meeting, the Compensation Committee approved the Officers Performance Compensation Plan for fiscal 2010. The 2010 Plan will award cash bonuses if 2010 net earnings reach at least $37,650,000, which the Compensation Committee believes is a meaningful increase from 2009 net earnings of $32,759,000. The 2010 Plan also provides for increasing bonus awards tied to increasing net earnings beyond the initial minimum level. Depending on the level of net earnings achieved and the application of the personal multiplier, cash bonuses could range from 5% to 120% of base salary, similar to the 2009 Plan discussed above.

Management and the Compensation Committee have intended that the earnings thresholds should be set at meaningful rates so that management must be diligent, focused and effective in order to achieve these goals. In other words, the Company and management believed at the time of the establishment of these thresholds that they would be challenging to achieve and would require substantial efforts from management. To this end, the Compensation Committee tends to set the thresholds consistent with the earnings guidance range requiring that the low end of guidance is achieved before bonuses are paid.

Long-term incentive awards

The Compensation Committee believes that equity-based compensation encourages employees to commit to the long-term goals of the Company. This ensures that the Company s NEOs have a stake in the long-term creation of shareholder value. Historically, long-term incentive awards have been in the form of stock options. Beginning in fiscal 2008, the Compensation Committee moved towards a mix of stock options and restricted stock in order to provide NEOs with a mixed equity portfolio. Historically, in either case, the awards were performance-based, meaning the NEOs ability to vest in the awards was contingent upon the Company achieving a minimum level of net earnings. For fiscal 2010, at its meeting on November 12, 2009, the Compensation Committee approved two types of restricted stock awards (or in the case of an NEO outside the US, restricted share units). The first type of restricted stock award is performance based, where the NEOs ability to vest in such awards is contingent upon the Company reaching a minimum level of net earnings of $39,000,000. This awa