

MERIDIAN BIOSCIENCE INC
Form PRE 14A
December 05, 2007
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 X

Filed by a Party other than the Registrant O

Check the appropriate box:

- X Preliminary Proxy Statement
- O **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- O 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):

- X No fee required.
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- (3) Filing Party:
- (4) Date Filed:

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 3:00 p.m. on January 22, 2008 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.

Please complete, sign, date, and return your proxy card promptly in the enclosed envelope.

Sincerely yours,

/s/ William J. Motto

William J. Motto

Chairman of the Board

December 19, 2007

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NOTICE OF ANNUAL MEETING

OF

SHAREHOLDERS OF MERIDIAN BIOSCIENCE, INC.

Time:

3:00 p.m., Eastern Time

Date:

January 22, 2008

Place:

Holiday Inn
4501 Eastgate Blvd.
Cincinnati, Ohio 45245

Purpose:

Elect directors

Ratify appointment of Grant Thornton LLP as Meridian's independent registered public accountants for fiscal year 2008

Amend our Amended Code of Regulations to permit our directors to amend such Regulations under certain circumstances without shareholder approval

Amend our 2004 Equity Compensation Plan, Amended and Restated through January 19, 2006, to increase the number of shares authorized to be issued under such Plan from 1,462,500 to 3,000,000

Conduct other business if properly raised

Only shareholders of record on December 3, 2007 may vote at the meeting. The approximate mailing date of this Proxy Statement and accompanying Proxy Card is December 19, 2007.

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 19, 2007

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GENERAL INFORMATION

Who may vote

Shareholders of Meridian, as recorded in our stock register on December 3, 2007, may vote at the meeting. As of that date, Meridian had 39,944,797 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, the ratification of appointment of Grant Thornton LLP as Meridian s independent registered public accountants for fiscal year 2008, the amendment of our Amended Code of Regulations, and the amendment of our 2004 Equity Compensation Plan, Amended and Restated through January 19, 2006, all on the terms described herein.

If any other matters come before the meeting or any adjournment, 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, you may get material from them asking how you want to vote.

Revoking a proxy

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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 37.

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.

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Votes needed

The six director candidates receiving the most votes will be elected to fill the seats on the Board. Each of the ratification of appointment of accountants, the amendment of our Amended Code of Regulations, and the amendment of our 2004 Equity Compensation Plan, Amended and Restated through January 19, 2006 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 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 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 President, a Vice President or the Secretary of Meridian not less than 48 hours prior to the Annual 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.

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

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James A. Buzard, Ph.D.
Director since 1990

Age: 80

John A. Kraeutler
Director since 1997

Age: 59

James A. Buzard, Ph.D. 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 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. 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: 69

William J. Motto
Director since 1977

Age: 66

Gary P. Kreider serves as Chairman of the Compensation Committee and Board Secretary. Mr. Kreider served as 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, 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 Corporate Law Committee. Mr. Kreider is also a Director of LSI Industries Inc.

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. 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.

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David C. Phillips
Director since 2000

Age: 69

Robert J. Ready
Director since 1986

Age: 67

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 and Summit Family of Mutual Funds.

Robert J. Ready serves as Chairman of the Nominating 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)

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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 2008 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 2008. Representatives of Grant Thornton are expected to be present at the 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.

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Principal Accounting Firm Fees:

Aggregate fees billed to Meridian by Grant Thornton LLP for fiscal years 2007 and 2006 are listed below:

	<u>2007</u>	<u>2006</u>
Audit Fees	\$283,000	\$295,000
Audit Related Fees	31,002	35,588
	\$314,002	\$330,588

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, 2007 and 2006, 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 2008 fiscal year.

AMENDMENT OF THE COMPANY'S AMENDED CODE OF REGULATIONS

(Item 3 on the Proxy Card)

The Board is recommending that the Company's Amended Code of Regulations be amended to allow the Board to amend such Regulations without shareholder approval in the circumstances described in this proxy statement and as set forth on Annex A.

Article X of Meridian's Regulations allows shareholders to amend the Regulations by the affirmative vote or written consent of the shareholders of record entitled to exercise a majority of the voting power. Annex A shows the new language of Article X reflecting the proposed amendment.

The Ohio Revised Code was amended on October 12, 2006 to, among other things, allow directors to amend Regulations in certain respects without shareholder approval.

Prior to the amendments, almost all changes to Regulations were required to be accomplished by shareholder action. The 2006 amendments liberalized the law to allow directors to amend the Regulations without shareholder approval in various areas that are not deemed to impact

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fundamental shareholder rights. The amendments first require the shareholders to grant amending authority to the directors through the Articles or Regulations. However, the Ohio law reserves to the shareholders the sole authority to amend the Regulations in various areas, such as those defining or limiting the exercise of the authority of shareholders, setting the percentage of shareholders entitled to call special meetings, establishing notices of meetings and qualifications of shareholders, establishing quorum definitions, setting terms and classifications of directors, and removing directors and filling vacancies in the Board of Directors. Shareholders can always override amendments made by directors and Regulations may never divest shareholders of the power to adopt, amend or repeal Regulations.

The directors, once granted general authority by shareholders, will therefore be free to amend the Regulations in such areas as the establishment of the fiscal year, the time and place of meetings, advance notice provisions of proposals and director nominations, establishment of officers and committees, and enactment of indemnification provisions.

The Board believes that the amendment to the Regulations as set forth on Annex A is in the best interests of Meridian's shareholders because the amendment will allow Meridian to adapt to Ohio's statutory business framework and will allow the Board to act quickly to respond to the needs of the Company that arise from time to time.

The Board recommends that you vote FOR amendment of Meridian's Amended Code of Regulations to allow the Board to amend such Regulations without shareholder approval in the circumstances described in this proxy statement.

AMENDMENT OF THE COMPANY'S 2004 EQUITY COMPENSATION PLAN

(Item 4 on the Proxy Card)

The Board is recommending that the Company's 2004 Equity Compensation Plan, amended and restated through January 19, 2006, be amended to provide 1,537,500 additional common shares available for issuance as set forth on Annex B. This Plan was adopted at the 2005 Annual Shareholder's Meeting. With the continued growth of the Company and the passage of time, nearly all of the 1,462,500 shares provided by the Plan have been subjected to awards. The Board believes the Plan has served the Company well and considers it advisable to have an additional 1,537,500 shares available for issuance in order to provide awards that are designed to attract and retain key employees. If approved, this amendment would increase the maximum available shares from 1,462,500 to 3,000,000. The closing sale price for Meridian's common shares on Nasdaq on December 3, 2007 was \$30.77 per share.

The Compensation Committee established by the Board administers the Plan. The Compensation Committee evaluates the duties of employees and their present and potential contributions to the Company and such other factors as it deems relevant in determining key persons to whom awards under the Plan will be granted and the number of shares covered by such grants. All employees, directors, and consultants of the Company are eligible to be considered by the Compensation Committee for the grant of awards under the Plan.

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The Plan authorizes the Compensation Committee to grant i) stock options, ii) stock appreciation rights (SARs), iii) restricted and unrestricted stock awards, iv) performance awards, and v) other stock unit awards. Historically, Plan awards have been limited to stock options. The availability of other types of awards provides flexibility to the Compensation Committee in determining the components of equity-based compensation.

Options may be granted either as Incentive Stock Options designed to provide certain tax benefits under the Internal Revenue Code or as Non-Qualified Options without such benefits. Generally, the Compensation Committee expects to award only Non-Qualified Options in order for the Company to receive a federal income tax benefit. The Plan provides that all options are to be granted with exercise prices not less than the closing price of Meridian common shares on the date of grant (i.e., 100% of fair market value on the date of grant). Options may be granted for varying periods of up to ten years. Under the Plan, no person may receive options for more than 112,500 common shares in any twelve-month period. Persons who beneficially own 10% or more of the Company's outstanding common shares may not be granted Incentive

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Stock Options for terms exceeding five years and the exercise prices of such options must be at least 110% of fair market value at the time of grant.

SARs may be granted under the Plan. The Plan provides that SARs may be awarded to eligible employees, advisors, or non-employee directors as determined by the Compensation Committee. A SAR may be granted for varying periods of up to ten years, in tandem with stock options, or separately as a non-tandem SAR.

Both restricted and unrestricted stock awards may be granted under the Plan. Restricted stock awards are subject to conditions, restrictions and limitations that the Compensation Committee determines to be appropriate. Upon full vesting of restricted stock awards, the recipient shall have all rights of a shareholder of the Company, including the rights to vote and to receive cash dividends. The Compensation Committee may also issue unrestricted shares.

The Plan gives the Compensation Committee discretion to grant Performance Awards to eligible employees and advisors, as determined by the Compensation Committee. The Compensation Committee has discretion as to the times at which Performance Awards shall be granted, the number of common shares or the amount of cash to be awarded, the duration and conditions for vesting, and any other terms and conditions of the Performance Award to any person. The Compensation Committee may condition the grant or vesting of a Performance Award upon the attainment of specified performance goals; the appreciation in the fair market value, book value or other measure of value of the common shares; the performance of the Company based on earnings or cash flow; or such other factors or criteria as the Compensation Committee shall determine.

The Plan also provides that the Compensation Committee may grant, either alone or in addition to other awards, awards of common shares or other securities of the Company or any of its subsidiaries and other awards whose value is based on common shares or other securities of the Company or any of its subsidiaries. These other awards may be paid in cash, common shares, other property or a combination thereof. The Compensation Committee has

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discretion as to the times at which awards will be granted, the number of shares or the amount of cash to be awarded, the duration and conditions for vesting, and any other terms and conditions of the award to any person. Common shares (including securities convertible into common shares) and other securities granted as other awards may be issued for no cash consideration or any minimum consideration required by applicable law. Common shares (including securities convertible into common shares) and other securities purchased pursuant to purchase rights granted as other awards may be purchased for such consideration as determined by the Compensation Committee, so long as the price is not less than the fair market value of the common shares or other securities on the date of grant, unless the Compensation Committee otherwise elects.

Unvested awards terminate immediately if the person holding them is terminated for any reason other than death, total permanent disability or retirement. In the case of death or permanent disability, any outstanding awards become fully vested and exercisable for one year. In the case of retirement, any outstanding awards become fully vested and exercisable for 90 days. However, if a person is involuntarily terminated without cause, as determined by the Compensation Committee, during the twenty-four month period following a change in control of the Company, all awards will become exercisable in full.

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EQUITY COMPENSATION PLAN INFORMATION

The following table presents summary information as of September 30, 2007 with respect to all of our equity compensation plans.

(c)

Plan Category	(a) Number of Securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted- average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders ⁽¹⁾	1,877,059	\$7.684	530,775
Equity compensation plans not approved by security holders	54,825	11.454	-
Total	1,931,884	\$7.79	530,775

- (1) 1994 Director's Stock Option Plan
1996 Stock Option Plan, as amended in 2001
1999 Director's Stock Option Plan
2004 Equity Compensation Plan, as amended

TAX TREATMENT OF AWARDS

The United States federal income tax consequences related to the issuance of the different types of awards that may be granted under the Plan are summarized below. Persons who are granted awards under the Plan should consult their own tax advisors to determine the tax consequences based on their particular circumstances.

Incentive Stock Options

An Incentive Stock Option results in no taxable income to the optionee or deduction to the Company at the time it is granted or exercised. However, the excess of the fair market value of the shares at the time of exercise over the option price is an item of adjustment in computing the alternative minimum taxable income of the optionee. If the optionee holds the stock received as a result of an exercise of an Incentive Stock Option for at least two years from the date of the grant and one year from the date of exercise, then the amount realized on

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disposition of the stock in excess of the option price is treated as a long-term capital gain, and the Company will not be entitled to a deduction for federal income tax purposes. If the shares are disposed of during this period (i.e., a disqualifying disposition), then the optionee will include in income, as compensation for the year of the disposition, an amount equal to the excess, if any, of the fair market value of the shares at the time of exercise over the option price (or, if less, the excess of the amount realized upon disposition over the option price). The excess, if any, of the sale price over the fair market value on the date of exercise will be a capital gain. In the event of a disqualifying disposition, the Company will be entitled to a deduction, in the year of such disposition, for the amount includible in the optionee's income as compensation. The optionee's basis in the shares acquired upon exercise of an Incentive Stock Option is equal to the option price paid, plus any amount includible in his or her income as a result of a disqualifying disposition.

Non-Qualified Options

A Non-Qualified Option results in no taxable income to the optionee or deduction to the Company at the time it is granted. An optionee exercising a Non-Qualified option will, at that time, realize compensation taxable as ordinary income equal to the excess of the fair market value of the shares over the option price. Subject to the applicable provisions of the Internal Revenue Code, the Company will be entitled to a deduction for federal income tax purposes in the year of exercise in an amount equal to the taxable compensation recognized by the optionee.

The optionee's basis in such shares is equal to the sum of the option price plus the amount includable in his or her income as compensation upon exercise. Any gain (or loss) upon subsequent disposition of the shares will be a capital gain (or loss).

Stock Appreciation Rights

Generally, the recipient of a SAR under the Plan will not recognize taxable income at the time the SAR is granted. If a recipient receives the appreciation inherent in the SARs in cash, the cash will be taxed as ordinary income to the recipient at the time it is received. If a recipient receives the appreciation inherent in the SARs in stock, the spread between the then current market value and the base price will be compensation taxed as ordinary income to the recipient at the time it is received. In general, there will be no federal income tax deduction allowed to the Company upon the grant or termination of SARs. However, upon the settlement of an SAR, the Company will be entitled to a deduction equal to the amount of ordinary income the recipient is required to recognize as a result of the settlement.

Other Awards

The current federal income tax consequences of other awards authorized under the Plan are generally in accordance with the following: (i) restricted stock is generally subject to ordinary income tax on the value of the stock at the time the restrictions lapse, unless the recipient elects to accelerate recognition as of the date of grant; (ii) stock unit awards are generally subject to ordinary income tax at the time of payment; (iii) unrestricted stock awards are generally subject to ordinary income tax at the time of grant; and

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(iv) Performance Awards are generally subject to ordinary income tax on the value of the stock and/or amount of cash received at the time of payment of the award. In each of the foregoing cases, the Company will generally be entitled to a corresponding federal income tax deduction at the same time the recipient recognizes ordinary income.

Section 162(m)

Compensation of persons who are covered employees of the Company is subject to the tax deduction limits of Section 162(m) of the Internal Revenue Code. Awards that qualify as performance-based compensation are exempt from Section 162(m), thus allowing the Company the full federal tax deduction otherwise permitted for such compensation. If approved by the Company's shareholders, the Plan as amended is intended to enable the Compensation Committee to grant awards to covered employees that will be exempt from the deduction limits of Section 162(m). However, no assurances can be made in this regard.

Section 409A

Section 409A of the Internal Revenue Code applies to compensation vested or deferred after December 31, 2004. Section 409A generally provides that unless certain requirements are met, amounts deferred under a non-qualified plan for all taxable years are includable in gross income to the extent not subject to a substantial risk of forfeiture. Generally speaking, an amount is vested on the date that the employee's right to receive the amount is no longer conditioned on the employee's performance of substantial future services, and deferred compensation is compensation earned currently, the payment of which is deferred to a later taxable year. Section 409A may apply to Non-Qualified options, restricted stock units, Performance Awards and other awards under the Plan. The provisions of the Plan have been drafted to be in good faith compliance with Section 409A as interpreted under the guidance currently available. However, no assurances can be made in this regard as the Compensation Committee shall have discretion under the Plan to grant awards to which Section 409A may apply.

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Plan Benefits

Because incentive awards under the Plan can be made based on the achievement of future net earnings targets and personal achievement ratings, it cannot be determined at this time what awards, benefits or amounts, if any, will be paid or allocated to any person or group of persons under the Plan. Awards which have been paid to certain executive officers under the plan for the last fiscal year are reported in the Summary Compensation Table on page 31 and as set forth below.

PLAN BENEFITS

2004 EQUITY COMPENSATION PLAN

Name and Position	Number of Options
William J. Motto Chairman of the Board, Chief Executive Officer	15,750
Melissa A. Lueke, Vice President, Chief Financial Officer, and Secretary	15,750
John A. Kraeutler President, Chief Operating Officer	15,750
Antonio A. Interno Senior Vice President, President and Managing Director, Meridian Bioscience Europe	15,750
Richard L. Eberly Executive Vice President, President Meridian Life Science	15,750
Entire Executive Group	126,000

The Board recommends that you vote FOR amending Meridian's 2004 Equity Compensation Plan to provide 1,537,500 additional shares available for issuance.

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: David C. Phillips, James A. Buzard, Robert J. Ready and Gary P. Kreider. Only independent directors serve on Committees of the Board.

During fiscal 2007, the Board of Directors met on four occasions. The independent directors plan to meet at least two times during fiscal 2008 without the presence of management directors. The independent members of the Board had one such meeting in fiscal 2007. The independent directors select one of such directors to preside over each session.

Meridian expects all directors to attend shareholders' meetings. Each director attended the 2007 Annual Shareholders' Meeting, all meetings of the Board and all meetings of Committees of which he was a member.

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 4350(n), 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 2007. Each member is able to read and understand fundamental financial statements. David C. Phillips has been designated as the Audit Committee financial expert as that term is defined in SEC regulations.

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

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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.

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.

REPORT OF THE AUDIT COMMITTEE

On August 16, 2007, the Audit Committee met with representatives of Grant Thornton and Meridian's internal accountants and reviewed with them the proposed 2007 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 the Independence Standards Board Standard No. 1 regarding independence of the registered public accounting firms 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 13, 2007, the Committee reviewed and discussed with management, Grant Thornton and Meridian's accounting officers the results of the audit for fiscal 2007, 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 Statement on Auditing Standards No. 61, as amended.

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, 2007 for filing with the Securities and Exchange Commission.

During its meetings, 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, the Chairman of the Audit Committee reported to the full

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Committee the independent accountants' fees that 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 on-going 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 Messrs. Kreider (Chairman), Buzard, Phillips and Ready 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 option awards, and otherwise dealing in all matters concerning compensation of the executive officers. The Compensation Committee met two times and did not take any actions in writing during fiscal 2007.

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. Although the Compensation Committee did not engage a consultant this year, it received the services of a financial advisor who collected and assembled executive compensation data from peer companies. The CEO 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 Meridian's President. Meridian's President provides recommendations to the Compensation Committee with respect to compensation to be paid to the other corporate officers, other than himself.

To achieve compensation objectives, the Committee believes it is important to provide competitive levels of compensation to retain the most qualified employees, to recognize

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individuals who exceed expectations and to closely link executive compensation with corporate performance. The methods by which the Committee believes Meridian's long-term objectives can be achieved are through incentive compensation plans and equity 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".

Compensation Committee Interlocks and Insider Participation

Gary P. Kreider, who is a member of the Compensation Committee, is affiliated with Keating Muething & Klekamp PLL, Cincinnati, Ohio, a law firm that provided legal services to the Company in fiscal year 2007. Mr. Kreider has no vote or interest in the firm's earnings. Two of Mr. Kreider's children are partners in the firm. Except as described above, 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 2007 (see the section titled "Certain Related Person Transactions" 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 Robert J. Ready, Chairman, James A. Buzard and David C. Phillips. It met one time last year. On November 14, 2007, 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 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 of Directors, 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.

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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 December 3, 2007. Beneficial ownership includes any shares as to which the individual has sole or shared voting or investment power

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and also any shares that the individual has the right to acquire as of February 1, 2008 (60 days after December 3, 2007).

<u>Name</u>	<u>Position</u>	Common Stock	
		<u>Beneficially Owned Amount</u> ¹	<u>Percentage</u>
William J. Motto	Chairman of the Board of Directors, Chief Executive Officer	380,197	1.0%
John A. Kraeutler	President, Chief Operating Officer and Director	386,229	1.0%
Antonio A. Interno ²	Senior Vice President, President and Managing Director of Meridian Bioscience Europe	104,205	*
Richard L. Eberly ³	Executive Vice President, President Meridian Life Science	15,750	*
Lawrence J. Baldini ⁴	Executive Vice President, Operations and Information Systems	38,250	*
Melissa A. Lueke ⁵	Vice President, Chief Financial Officer and Secretary	92,265	*
Susan A. Rolih ⁶	Vice President, Regulatory Affairs & Quality Assurance	76,500	*
Todd W. Motto ⁷	Vice President, Sales and Marketing	889,547	2.2%
James A. Buzard, Ph.D. ^{8, 9}	Director	75,712	*
Gary P. Kreider ^{9, 10}	Director	37,423	*
Robert J. Ready ^{8, 9}	Director	84,610	*
David C. Phillips ^{8, 9}	Director	26,214	*