

NEOGEN CORP  
Form PRE 14A  
August 24, 2007  
Table of Contents

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  [ ]

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e) (2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

Neogen Corporation

\_\_\_\_\_  
(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)

No fee required.

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)

## Edgar Filing: NEOGEN CORP - Form PRE 14A

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): Purchase price of subsidiaries used to calculate fee

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4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

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**

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September 7, 2007

To Our Shareholders:

You are cordially invited to attend the Annual Meeting of Shareholders of Neogen Corporation on Thursday, October 11, 2007, at 10:00 a.m. eastern time. The Annual Meeting will be held at the University Club of Michigan State University at 3435 Forest Road in Lansing, Michigan.

The Annual Meeting will feature a report on Neogen's business activities, and voting on the following issues: election of directors, approval of additional authorized common shares, a new stock option plan, and the appointment of Ernst & Young LLP as the company's independent registered public accounting firm for the current fiscal year. On the following pages you will find the notice of the Annual Meeting of Shareholders and the proxy statement

It is important that your shares are represented at the Annual Meeting, regardless of how many shares you own. Whether or not you plan to attend the Annual Meeting, please sign, date and return the enclosed proxy card as soon as possible. Sending a proxy card will not affect your right to vote in person if you attend the meeting.

Sincerely,

James L. Herbert

Chairman & Chief Executive Officer

Your vote is important. Even if you plan to attend the meeting,

PLEASE SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY.

**Table of Contents**

620 Leshar Place

Lansing, MI 48912

NOTICE OF 2007 ANNUAL MEETING OF SHAREHOLDERS OF NEOGEN CORPORATION

Date: October 11, 2007

Time: 10:00 a.m., Eastern Time

Place: The University Club of Michigan State University, 3435 Forest Road, Lansing, Michigan 48909  
Items of Business:

The election of three Class II directors, each to serve for a three year term;

The approval of an increase in authorized common shares;

The approval of the 2007 Stock Option Plan;

The ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2008; and

To act upon such other business as may properly come before the meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this notice.

All shareholders are cordially invited to attend the meeting. At the meeting, you will hear a report on the Company's business and have a chance to meet the directors and executive officers. A copy of the 2007 Annual Report is enclosed.

Only shareholders of record at the close of business on August 17, 2007 are entitled to notice of and to vote at the meeting.

Your vote is important. Please vote your shares promptly. To vote your shares complete, sign, date and return your proxy card. Any shareholder attending the meeting may vote in person even if he or she returned a proxy.

Richard R. Current

Secretary

September 7, 2007



**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<u>General Information</u>	1
<u>Proposal 1 Election of Directors</u>	3
<u>Proposal 2 Approval of an Increase in Authorized Common Shares</u>	6
<u>Proposal 3 Approval of the 2007 Stock Option Plan</u>	7
<u>Proposal 4 Ratification of Appointment of the Company's Independent Registered Public Accounting Firm</u>	12
<u>Stock Ownership</u>	13
<u>Information about the Board of Directors and Corporate Governance Matters</u>	14
<u>Compensation Discussion and Analysis</u>	17
<u>Compensation Committee Report</u>	24
<u>Executive Compensation</u>	25
<u>Compensation of Directors</u>	30
<u>Audit Committee Report</u>	32
<u>Additional Information</u>	33

**Table of Contents**

Neogen Corporation

620 Leshner Place

Lansing, MI 48912

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

October 11, 2007

GENERAL INFORMATION

These proxy materials are provided in connection with the solicitation by the Board of Directors of proxies to be used at the Annual Meeting of Shareholders of Neogen Corporation (the Annual Meeting ) to be held on October 11, 2007 at 10:00 am, local time, at the University Club of Michigan State University, 3435 Forest Road, Lansing, Michigan 48909, and at any adjournment of the meeting. The solicitation will begin on or about September 10, 2007.

There are four proposals scheduled to be voted on at the Annual Meeting:

Election of three directors;

Approval of an increase in authorized common shares;

Approval of the 2007 Stock Option Plan; and

Ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2008.

**Revocation of Proxies**

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before its use exercise by the filing of a written notice of revocation with our Secretary, by delivering to our Secretary a duly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person.

**Voting and Solicitation**

All shares represented by a properly executed proxy will be voted unless the proxy is revoked. If a choice is specified, it will be voted in accordance with the specification. If no choice is specified, the proxy holders will vote the shares in accordance with the recommendations of the Board of Directors, which are set forth with the discussion of each matter later in this Proxy Statement. In summary, the Board recommends that you vote:

**Table of Contents**

FOR the election of the nominees for directors;

FOR approval of the increase in authorized common shares;

FOR approval of the 2007 Stock Option Plan; and

FOR ratification of the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for 2008.

In addition, the proxy holders may vote at their discretion with respect to any other matter that may properly come before the meeting. All shareholders at the close of business on August 17, 2007, the record date for the meeting, are entitled to vote at the meeting. On August 17, 2007 there were 9,379,757 shares of the Company's common stock outstanding. For each proposal, each shareholder is entitled to one vote for each share of Neogen Corporation common stock owned at that time.

If you are a shareholder of record, you may vote by mail by completing, dating and signing your proxy card and mailing it in the envelope provided. You should sign your name exactly as it appears on the proxy card. If you are signing in a representative capacity (for example, as officer of a corporation, guardian, executor, trustee or custodian), you should indicate your name and title or capacity.

You may also vote in person at the Annual Meeting or may be represented by another person at the meeting by executing a proper proxy designating that person.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you will receive instructions from the street name holder that you must follow in order to have your shares voted.

If your shares are held in street name and you wish to vote in person at the meeting, you must obtain a proxy issued in your name from the street name holder.

If you are a beneficial owner of shares held in street name, you may submit new voting instructions by contacting your brokerage firm, bank or other holder of record.

Broker non-votes on a matter occur when the broker, bank or other holder of record that holds your shares in street name is not entitled to vote on a matter without instruction from you and no instruction is given. Absent instruction from you, a street name holder may vote your shares in its discretion on the election of directors and ratification of the appointment of Ernst & Young LLP but may not vote your shares on the approval of the increase in authorized shares or the 2007 Stock Option Plan.

In the election of directors, the three nominees receiving the highest number of votes will be elected. The other matters require the affirmative vote of a majority of the votes cast at the meeting, provided, in the case of Proposals 2 and 3, that the total vote cast represents over 50% of the outstanding shares of Common Stock. Votes that are withheld with respect to the election of directors and broker non-votes and abstentions on the other matters are not counted as votes cast.



**Table of Contents**

**PROPOSALS FOR SHAREHOLDER ACTION**

**PROPOSAL 1 ELECTION OF DIRECTORS**

The Company's By-Laws provide that the Company shall have at least five and no more than nine directors, with the exact number to be determined by the Board. The Board of Directors currently is comprised of nine directors. The directors are classified into three classes to serve for the terms set forth next to their names or until their successors have been duly qualified and elected.

**Unless otherwise instructed, proxy holders will vote the proxies received by them for the election of the nominees named below.** All of the nominees for director are currently directors of the Company. If any nominee becomes unavailable for any reason it is intended that the proxies will be voted for a substitute nominee designated by the Board. The Board of Directors has no reason to believe that the nominees named will be unable to serve if elected. Any vacancy occurring on the Board of Directors for any reason may be filled by vote of a majority of the directors then in office for a term expiring at the next Annual Meeting of shareholders.

<b>Nominees</b>	<b>Expiration of Proposed Term</b>
<b>Class II:</b>	
Jack C. Parnell	2010
Robert M. Book	2010
Clayton K. Yeutter, Ph.D	2010

<b>Directors Continuing in Office</b>	<b>Expiration of Term</b>
<b>Class III:</b>	
James L. Herbert	2008
G. Bruce Papesh	2008
Thomas H. Reed	2008
<b>Class I:</b>	
Lon M. Bohannon	2009
A. Charles Fischer	2009
Gordon E. Guyer, Ph.D.	2009

<b>Name of Director</b>	<b>Age</b>	<b>Position</b>	<b>Director Since</b>
James L. Herbert	67	Chairman and CEO of the Company, Director	1982
Lon M. Bohannon	54	President and COO of the Company, Director	1996
Thomas H. Reed (2)(3)	62	Director	1995
Robert M. Book (2)(3)(4)	77	Director	1990
Gordon E. Guyer, Ph.D.(3)	81	Director	1990
A. Charles Fischer (1)	65	Director	2006
G. Bruce Papesh (2)	60	Director	1993
Jack C. Parnell (1)(4)	72	Director	1993
Clayton K. Yeutter, Ph.D.	77	Director	2007

**Table of Contents**

- (1) Member, Compensation Committee
  
- (2) Member, Stock Option Committee
  
- (3) Member, Audit Committee
  
- (4) Member of Nominating Committee

The following is a brief summary of the business experience, for at least the past five years, for each of the nominees for, and the current members of, the Board of Directors.

*Nominees for the Board of Directors:*

Jack C. Parnell was elected to the Board of Directors in October 1993 and as Chairman of the Board in October, 2001. In 2006 Mr. Parnell resigned as Chairman, but remained a Director. Since 1991, he has held the position of Governmental Relations Advisor with the law firm of Kahn, Soares and Conway. In 1989, Mr. Parnell was appointed by President George H. W. Bush to serve as Deputy Secretary of the U.S. Department of Agriculture. From 1983 to 1989, he served in three different senior governmental positions for the State of California, including Secretary of the California Department of Food and Agriculture from 1987 to 1989. The firm of Kahn, Soares and Conway currently acts as the Company's government relations advisor. See also Information about the Board and Corporate Governance matters .

Robert M. Book was elected to the Board of Directors in November 1990. Since January 1993, Mr. Book has served as President of AgriVista, Inc., a company that provides agricultural consulting and marketing services. He served as President of the Indiana Institute of Agriculture, Food and Nutrition from 1983 through 1992. He was formerly Group Vice President of Agriculture Marketing for Elanco Products Company, a division of Eli Lilly & Co.

Dr. Clayton Yeutter is nominated for election by the shareholders to the Neogen Corporation Board of Directors for the first time in 2007. He was elected to the Board, on an interim basis, on July 26, 2007. Dr. Yeutter has been actively involved in his family's ranching and cattle feeding operation in Nebraska over his lifetime. Also during that time he has served in department level positions under four Presidents of the United States of America, with his last position as Secretary of Agriculture under President George H. W. Bush. Dr. Yeutter formerly served on the Boards of Directors of Caterpillar, Texas Instruments, Weyerhaeuser Company, ConAgra Foods and Zurich Financial Services, among several others. He currently serves on the Boards of Directors of American Commercial Lines, Burlington Capital Group and Covanta Holding Company.

**The Board of Directors recommends a vote FOR the above nominees.**

**Table of Contents**

*Other current members of the Board of Directors:*

James L. Herbert is Chairman of the Board and Chief Executive Officer of Neogen Corporation. Previously he was President, Chief Executive Officer, and a Director of the Company since he joined Neogen in June 1982. He resigned as President, but remained as CEO and was named Chairman in 2006. Prior to joining Neogen he held the position of Corporate Vice President of DeKalb Ag Research, a major agricultural genetics and energy company. He has management experience in animal biologics, specialized chemical research, medical instruments, aquaculture, animal nutrition, and poultry and livestock breeding and production.

Lon M. Bohannon is President and Chief Operating Officer of Neogen Corporation. He was elected to the Board of Directors in October 1996. Mr. Bohannon joined Neogen in October 1985 as Vice President of Finance, was promoted to Vice President Administration and Chief Financial Officer in November 1994 and was named Chief Operating Officer in 1999 and President and COO in 2006. He is responsible for all areas of the Company's operations except research and corporate development. A CPA, Mr. Bohannon served as Administrative Controller for Federal Forge, Inc., a metal forging and stamping firm, from March 1980 until October 1985, and was associated with the public accounting firm of Ernst & Young from June 1975 to March 1980.

Dr. Gordon E. Guyer joined the Board of Directors in January 1990. Dr. Guyer retired in 1996 as Director of the Michigan Department of Agriculture, a position he held since 1993. Dr. Guyer served as President of Michigan State University from 1991 to 1993 and was Vice President of Governmental Affairs for the University from 1988 until 1991. From 1986 to 1988, he was Director of the Department of Natural Resources for the State of Michigan.

A. Charles Fischer was President and CEO of Dow AgroSciences and a member of Dow Chemical Company's Executive Management Team until his retirement in 2004. He was elected to the Board of Directors in October 2006. Mr. Fischer's career with Dow Chemical spanned 37 years and included assignments in South America, Europe, the Middle East and Africa. He served as president of CropLife International and CropLife America, is past chairman of the National FFA Foundation and was associated in various capacities with the Central Indiana Life Sciences Initiative and the Biotechnology Industry Organization.

G. Bruce Papesh was elected to the Board of Directors in October 1993 and was Secretary from October 1994 to October 1999. Since 1987, Mr. Papesh has served as President of Dart, Papesh & Company Inc., member SIPC and NASD, an investment consulting and financial services firm. Mr. Papesh also served on the Board of Directors of Immucor, Inc., a publicly traded immunodiagnostics company that manufactures and markets products for the human clinical blood bank industry, until October 1, 2001.

Thomas H. Reed was elected to the Board of Directors in October 1995 and was elected Secretary in October 1999 and resigned as secretary in 2007. Mr. Reed is Special Assistant to the President of Packerland Packing Company. Prior to assuming that position, he served as Vice President of Michigan Livestock Exchange Marketing, a division of Southern States Cooperative, Inc. and prior to that as President and Chief Executive Officer of the Michigan Livestock Exchange. Mr. Reed is a former member of the Board of Directors of the National Livestock Producers Association and is a former chairman of the Michigan State University Board of Trustees.

Table of Contents

**PROPOSAL 2 PROPOSED AMENDMENT TO ARTICLES OF INCORPORATION TO INCREASE AUTHORIZED COMMON STOCK**

Article III of the Company's Articles of Incorporation presently provides for an authorized capitalization of the Company of 20,000,000 shares of Common Stock, \$0.16 par value per share and a series of preferred stock consisting of 100,000 shares with a par value of \$1.00 per share. As of August 17, 2007, 9,379,757 shares of Common Stock were issued and outstanding, with 812,044 additional shares of Common Stock reserved for issuance upon exercise of outstanding stock options and warrants and stock options available for grant under the Company's Option Plans. Additionally, on July 26, 2007 the Board of Directors decided a three-for-two stock dividend. This dividend will require the use of 4,700,000 authorized shares. No shares of preferred stock were outstanding at such date. The Board of Directors of the Company has proposed an amendment to Article III of the Company's Articles of Incorporation to increase, from 20,000,000 to 30,000,000, the number of authorized shares of Common Stock. The approval of this proposal to amend the Company's Articles of Incorporation to increase the number of authorized shares of Common Stock requires the affirmative vote of the holders, as of the Record Date, of the majority of the outstanding shares of Common Stock.

If the proposal is approved by the shareholders of the Company, the additional 10,000,000 shares of Common Stock so authorized will be available for issuance by the Board of Directors of the Company for stock splits or stock dividends, acquisitions, raising additional capital, stock options or other corporate purposes. The Company does not anticipate that it would seek authorization from the shareholders for issuance of such additional shares unless required by applicable law or regulation. The increase in the authorized number of shares of Common Stock and the subsequent issuance of such shares could have the effect of delaying or preventing a change in control of the Company without further action by the shareholders. Shares of authorized and unissued Common Stock could (within the limits imposed by applicable law) be issued in one or more transactions which would make a change in control of the Company more difficult, and therefore less likely. Any such issuance of additional stock could have the effect of diluting the earnings per share and book value per share of outstanding shares of Common Stock, and such additional shares could be used to dilute the stock ownership or voting rights of a person seeking to obtain control of the Company. The Board is not aware of any attempt to take control of the Company and has not presented this proposal with the intention that the increase in the authorized shares of Common Stock be used as a type of antitakeover device. Any additional Common Shares, when issued, would have the same rights and preferences as the shares of Common Stock presently outstanding. There are no preemptive rights available to shareholders in connection with the issuance of any such shares. **The Board of Directors recommends a vote FOR the approval of the Amendment to Article III of the Company's Articles of Incorporation.**

**Table of Contents**

**PROPOSAL 3 APPROVAL OF NEOGEN CORPORATION 2007 STOCK OPTION PLAN**

At the meeting, shareholders will be asked to consider and act upon a proposal to approve the Neogen Corporation 2007 Stock Option Plan (the "Plan"). Pursuant to the Plan, 1,000,000 shares of the Company's Common Stock are reserved for issuance. The Plan is intended to serve as the successor to the Neogen Corporation 1997 Stock Option Plan that expired on August 14, 2007. The Board of Directors believes that it is in the Company's and its shareholders' best interests to approve the Plan to allow the Company to continue to grant stock options to secure for the Company the benefits of the additional incentives inherent in the ownership of its Common Stock by directors, key employees (including officers) and consultants, to help the Company attract, secure and retain the services of these persons and to provide these persons with an opportunity to acquire or enlarge their stock ownership so they might have a direct interest in the Company's success. The Company will furnish a full copy of the proposed Plan without charge to each person who forwards a written request including representation that he or she was a shareholder on August 17, 2007 to: Corporate Secretary, Neogen Corporation, 620 Leshner Place, Lansing, Michigan 48912. The Company's Board of Directors has approved the Plan, subject to shareholder approval. The major features of the Plan are summarized below, but this is only a summary and is qualified in its entirety by reference to the actual text. Capitalized terms not otherwise defined in this Proxy Statement have the meanings given them in the Plan. As of the Record Date, the closing sale price of the Company's Common Stock was \$30.01.

**APPROVAL OF THE PLAN**

The approval by a majority of the votes cast by the holders of Common Shares at the meeting and entitled to vote on the action is necessary for shareholder approval of the Plan. Abstentions, withheld votes and broker nonvotes will not be deemed votes cast in determining approval of this proposal, but will be counted in determining the number of Common Shares present or represented by proxy in determining whether a quorum is present.

**GENERAL**

Options granted under the Plan may be Incentive Stock Options (options meeting the requirements set forth in the Plan and which are also intended to be and qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, and the applicable rules and regulations thereunder (the "Code"), nonqualified options (options which meet the requirements set forth in the Plan but are not intended to be, or do not qualify as, an incentive stock option within the meaning of Section 422), or both. The Plan contains various provisions to ensure that Incentive Stock Options comply with Section 422. The purpose of the Plan is to provide key employees (including officers), directors and consultants of the Company and its Subsidiaries with an increased incentive to make significant and extraordinary contributions to the long-term performance and growth of the Company and its Subsidiaries; to join the interests of key employees, directors and consultants with the interests of the shareholders of the Company; and to facilitate attracting and retaining key employees, directors and consultants of exceptional ability.

**Table of Contents**

ADMINISTRATION

The Plan shall be administered by a Committee appointed by the Board of Directors. Subject to the provisions of the Plan, the Committee shall determine, from those eligible to be Participants under the Plan, the persons to be granted stock options, the amount of stock to be optioned to each such person, the time such options shall be granted and the terms and conditions of any stock options. Subject to the provisions of the Plan, the Committee is authorized to interpret the Plan, to promulgate; amend and rescind rules and regulations relating to the Plan; and to make all other determinations necessary or advisable for its administration. Interpretation and construction of any provision of the Plan by the Committee shall, unless otherwise determined by the Board of Directors of the Company, be final and conclusive.

PLAN PARTICIPANTS

Subject to the granting of automatic stock options to Outside Directors, the Committee shall determine and designate from time to time those key employees (including officers), directors and consultants of the Company or any subsidiary to whom options are to be granted and who thereby become participants under the Plan; provided, however, that (a) Incentive Options shall be granted only to employees (as defined in the Code) of the Company or a corporate subsidiary, to the extent required by Section 422 of the Code, or any successor provision, and (b) no participant may be granted stock options to purchase more than 100,000 Common Shares in the aggregate in any fiscal year of the Company.

SHARES SUBJECT TO GRANT

The maximum number of Common Shares with respect to which stock options may be granted under the Plan is 1,000,000 Common Shares, which may consist in whole or in part of authorized and unissued or reacquired Common Shares. Unless the Plan has terminated, shares covered by the unexercised portion of canceled, expired or otherwise terminated options under the Plan are again available for option and sale. The number and type of shares subject to each outstanding stock option, the option price with respect to outstanding stock options, the aggregate number and type of shares remaining available under the Plan, and the maximum number and type of shares that may be granted to any participant in any fiscal year are subject to such adjustment as the Committee deems appropriate to reflect events such as stock dividends, stock splits, recapitalizations, mergers, statutory share exchanges or reorganizations by the Company.

STOCK OPTIONS

Grants of Stock Options, both Incentive Options and Nonqualified Options, may be awarded under the Plan. An Incentive Option is intended to be, and qualifies as, an incentive stock option within the meaning of Section 422 of the Code. Any Option granted under the Plan must have an exercise price not less than 100% of the fair market value of the shares on the date on which such option is granted. With respect to an Incentive Option granted to a participant who owns more than 10% of the total combined voting shares of the Company or of any parent or subsidiary of the Company, the exercise price of such option must not be less than 110% of the fair market value of the shares subject to such option on the date such option is granted. At the time of the exercise of any option granted pursuant to the Plan, the participant must pay the full option price for all shares purchased (a) in cash or, (b)

**Table of Contents**

with the consent of the Committee, (i) in Common Shares, (ii) subject to such conditions as may be established by the Committee, by the Company retaining from the shares to be delivered upon exercise of the stock option that number of shares having a fair market value on the date of exercise equal to the option price of the number of shares with respect to which the participant exercises the option, (iii) by delivery to the Company of written notice of the exercise in such form as the Committee may prescribe, accompanied by irrevocable instructions to a stock broker to promptly deliver to the Company full payment for the shares with respect to which the option is exercised from the proceeds of stockbroker's sale of, or loan against, the shares, or (iv) in such other manner as the Committee determines is appropriate. The aggregate fair market value (determined as of the date the option is granted) of the underlying stock with respect to which Incentive Options are first exercisable for the first time by such individual during any calendar year (under all of such plans of the Company and its parent and subsidiary corporations) cannot exceed \$100,000.

**AUTOMATIC STOCK OPTIONS**

Each outside director of the Corporation shall automatically be granted a Nonqualified Stock Option to purchase 5,000 shares of Common Stock as of the date he or she is first elected or appointed to the Board of Directors. Each outside director of the Corporation who is re-elected to the Board of Directors shall automatically be granted a Nonqualified Stock Option to purchase 2,000 shares of Common Stock as of the date of each re-election. All automatic stock options granted shall be exercisable in one-third cumulative annual installments beginning one year after the date of grant, shall expire ten years after the date of grant and shall have an option price equal to 100% of the fair market value of the Company's Common Stock on the date of grant.

**CONTINUATION OF EMPLOYMENT**

Options granted under the Plan may be exercised only while the participant is an employee, or director, of the Company or a subsidiary, except as described under Extraordinary Transactions and except that the Committee may permit the exercise of all or any portion of the options granted to such participant (i) for a period not to exceed three months following termination of employment with respect to Incentive Options that are intended to remain Incentive Options if such termination is not due to death or permanent disability of the participant, (ii) for a period not to exceed one year following termination of employment with respect to Incentive Options that are intended to remain Incentive Options if termination of employment is due to the death or permanent disability of the participant, and (iii) for a period not to extend beyond the expiration date with respect to Nonqualified Options or Incentive Options that are not intended to remain Incentive Options, all subject to any restrictions, terms and conditions fixed by the Committee.

**TERM OF STOCK OPTIONS**

If not sooner terminated, each stock option granted under the Plan will expire not more than ten years from the date of grant; provided that, with respect to an Incentive Option, such option must expire not more than five years after the date of the grant.

## **Table of Contents**

### SHAREHOLDER RIGHTS

No participant in the Plan has any of the rights of a shareholder of the Company under any option granted under the Plan until the actual issuance of shares to the participant, and before such issuance no adjustment will be made for dividends, distributions or other rights in respect of such shares, except as described under the caption Shares Subject to Grant .

### EXTRAORDINARY TRANSACTIONS

If the Company engages in specified consolidations, mergers, transfers of substantially all of its properties and assets, dissolutions, liquidations, reorganizations or reclassifications in such a way that holders of Common Shares are entitled to receive stock, securities, cash or other assets with respect to, or in exchange for, the Common Shares (each a Transaction ), then each participant holding a stock option granted under the Plan will be entitled, upon the exercise of such option after consummation of a Transaction, to receive (for the same aggregate exercise price) the stock and other securities, cash and assets the participant would have received upon consummation of the Transaction if he or she had exercised the option in full immediately before consummation of the Transaction. In addition, in connection with a Transaction, the Committee may (i) permit stock options outstanding under the Plan to be exercised in full for a limited period of time, after which all unexercised stock options and all rights of participants under such options would terminate, (ii) permit stock options outstanding under the Plan to be exercised in full for their then-remaining terms, or (iii) require all stock options outstanding under the Plan to be surrendered to the Company for cancellation and payment to each participant in cash of the excess of the fair market value of the underlying Common Shares, as of the date such Transaction is effective, over the exercise price, less any applicable withholding taxes.

### FEDERAL INCOME TAX CONSEQUENCES

The rules governing the tax treatment of options and shares acquired upon the exercise of options are quite technical. Therefore, the description of federal income tax consequences set forth below is necessarily general in nature and does not purport to be complete. Moreover, statutory provisions are subject to change, as are their interpretations, and their application may vary in individual circumstances. Finally, the tax consequences under applicable state and local income tax laws may not be the same as under the federal income tax laws.

#### Incentive Options

If the participant makes no disposition of the shares acquired pursuant to exercise of an Incentive Option within one year after the transfer of shares to such participant and within two years from grant of the option, such participant will realize no taxable income as a result of the grant or exercise of such option, and any gain or loss that is subsequently realized may be treated as long-term capital gain or loss, as the case may be. Under these circumstances, the Company will not be entitled to a deduction for federal income tax purposes with respect to either the issuance of such Incentive Options or the transfer of shares upon their exercise. If shares acquired upon exercise of Incentive Options are disposed of prior to the expiration of the above time periods, the participant will recognize ordinary income in the year in which the disqualifying disposition occurs, the amount of which will generally be the lesser of (i) the excess of the market value of the shares on the date of exercise over



**Table of Contents**

the option price, or (ii) the gain recognized on such disposition. Such amount will ordinarily be deductible by the Company for federal income tax purposes in the same year, provided that the amount constitutes reasonable compensation and that the Company satisfies certain federal income tax withholding requirements.

Nonqualified Options

A participant who acquires shares by exercise of a Nonqualified Option generally realizes as taxable ordinary income, at the time of exercise, the difference between the exercise price and the fair market value of the shares on the date of exercise. Such amount will ordinarily be deductible by the Company in the same year, provided that the amount constitutes reasonable compensation and that the Company satisfies certain federal income tax withholding requirements.

AMENDMENT OR TERMINATION OF THE PLAN

The Board of Directors may terminate or amend the Plan, or amend any stock option agreement under the Plan, at any time; provided that no such amendment or revision may increase the maximum number of shares in the aggregate that are subject to the Plan without the approval or ratification of the shareholders of the Company, and no such amendment or revision may change the option price or alter or impair any stock option previously granted under the Plan, in a manner adverse to a participant, without the consent of such participant, all except as described under the caption "Shares Subject to Grant". Unless sooner terminated by the Board of Directors, the Plan will terminate on October 11, 2017, which is ten years after its original adoption by the Board of Directors, and no stock options may be granted under the Plan after that date. The termination of the Plan will not affect the validity of any option outstanding on the date of termination.

Information About Equity Compensation Plans

As of May 31, 2006, 599,134 options were available for grant under the 1997 Stock Option Plan. 248,500 options were granted to employees on August 9, 2007 and on August 14, 2007 the plan expired. The 1997 Stock Option Plan represents the only equity compensation plan under which the Company issues equity based grants.

There are no equity compensation plans that were not approved by shareholders.

Vote Required

Approval of the Plan requires the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting provided that the total vote cast represents over 50% of the outstanding shares. **The Board of Directors recommends that shareholders vote FOR approval of the Plan.**

**Table of Contents**

**PROPOSAL 4 RATIFICATION OF APPOINTMENT OF THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed Ernst & Young LLP to serve as the independent registered public accounting firm for the Company for 2008. While not required, we are submitting the appointment to the shareholders as a matter of good corporate practice to obtain their views. The affirmative vote of a majority of the votes cast at the Annual Meeting on the proposal is required for ratification. **The Board of Directors recommends that shareholders vote FOR ratification of the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for 2008.** If the appointment is not ratified, it will be considered as a recommendation that the Audit Committee consider the appointment of a different firm to serve as independent registered public accounting firm for the year 2009. Even if the appointment is ratified, the Audit Committee may select a different independent registered public accounting firm at any time if it determines that such a change would be in the best interests of Neogen Corporation and its shareholders.

Relationship with Ernst & Young

Ernst & Young LLP has acted as the Company s independent registered public accounting firm for five years. Ernst & Young LLP has advised that neither the firm nor any of its members or associates has any direct financial interest or any material indirect financial interest in the Company or any of its affiliates other than as accountants. Representatives of Ernst & Young LLP are expected to be present at the Annual Meeting with the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The fees billed by Ernst & Young LLP with respect to the years ended May 31, 2007 and 2006 were as follows:

	2007	2006
Audit Fees	\$ 239,275	\$ 411,000
Audit-Related Fees		
Tax Fees	12,155	
All Other Fees		

Audit Fees include amounts billed for the annual audit of the Company s fiscal year Consolidated Financial Statements, the audit of internal control over financial reporting, the review of the Consolidated Financial Statements included in the Forms 10-Q, and consultations concerning accounting matters associated with the annual audit. Audit-Related Fees include amounts billed for general accounting consultations and services that are unrelated to the annual audit. It is expected that Ernst & Young will provide similar non-audit services during the fiscal year 2008. In connection with its review and evaluation of non-audit services, the Audit Committee is required to and does consider and conclude that the provision of non-audit services is compatible with maintaining the independence of Ernst & Young LLP.

Under its charter, the Audit Committee must pre-approve all audit and non-audit services to be performed by Ernst & Young LLP other than non-audit services that satisfy a de minimus exception provided by applicable law. In the event management wishes to engage Ernst & Young LLP to

**Table of Contents**

perform non-audit services, a summary of the proposed engagement is prepared detailing the nature of the engagement, the reasons why Ernst & Young LLP is the preferred provider of the services and the estimated duration and cost of the engagement. The Audit Committee reviews and evaluates recurring non-audit services and their proposed fees as the need arises at their regularly scheduled committee meetings. At subsequent meetings, the Audit Committee receives updates regarding the services actually provided and management may present additional services for approval. The Audit Committee has delegated to the Chairman or, in his absence, any other member, the authority to evaluate and approve projects and related fees if circumstances require approval between meetings of the Committee. Any such approval is reported to the full committee at its next meeting.

**STOCK OWNERSHIP****Principal Shareholders**

The following table sets forth certain information, as of May 31, 2007, with respect to beneficial ownership of Common Stock by the only person known by the Company to be the beneficial owner of more than 5% of Neogen Corporation common stock.

**Name and Address of**

<b>Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percent of Class (%)</b>
James L. Herbert (1) Neogen Corporation	576,183	6.0%

620 Leshar Place

Lansing, MI 48912

(1) Includes 128,558 shares of Common Stock that Mr. Herbert has the right to acquire by exercise of options within 60 days of June 30, 2007.

**Security Ownership of Directors and Executive Officers**

The following table sets forth certain information about the ownership of Neogen Corporation common stock as of June 30, 2007 by the current directors, the executive officers named in the Summary Compensation Table under Executive Compensation and all executive officers and directors as a group.

<b>Name</b>	<b>Number of Shares Owned (1)</b>	<b>Right to Acquire (2)</b>	<b>Total</b>	<b>Percentage of Outstanding Shares</b>
James L. Herbert	447,625(3)	128,558	576,183	6.0%
Lon M. Bohannon	151,189	36,247	187,436	2.0%
Robert M. Book	8,500	7,000	15,500	*
A. Charles Fischer				*
Gordon E. Guyer Ph.D.	4,981	12,834	17,815	*

**Table of Contents**

G. Bruce Papesh	17,074(4)	10,336	27,410	*
Jack C. Parnell	14,689	3,002	17,691	*
Thomas H. Reed	750	9,500	10,250	*
Edward L. Bradley	50,842	33,833	84,675	*
Richard R. Current	28,015	24,791	52,806	*
Terri A. Morrical	13,564	45,835	59,399	*
Kenneth V. Kodilla		6,050	6,050	*
Joseph M. Madden Ph.D.	8,964	3,600	12,564	*
Anthony E. Maltese	11,655	15,849	27,504	*
Mark A. Mozola Ph.D.	554	4,750	5,304	*
Paul S. Satoh Ph.D.	8,644	4,800	13,444	*
Clayton K. Yeutter Ph.D.				*
Executive officers and directors as a group (17 persons)	767,046	346,985	1,114,031	11.5%

\*Less than 1%

(1) Excludes shares that may be acquired through stock options exercises.

(2) Includes shares that may be acquired within 60 days of June 30, 2007 upon exercise of options.

(3) Includes 71,125 shares held in trust for the spouse of James L. Herbert.

(4) Includes 17,074 shares over which Mr. Papesh is considered to have investment power.

**INFORMATION ABOUT THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE MATTERS**

Neogen Corporation is managed under the direction of its Board of Directors. The Board conducts its business through meetings of the Board and its committees. The Board held 6 meetings, and there were a total of 9 committee meetings during 2007. Each director attended more than 75% of the total meetings of the Board and the committees on which he served in 2007. Directors are expected to attend the Annual Meeting of shareholders unless they have a schedule conflict or other valid reason. All the current Board members, with the exception Dr. Yeutter, attended the 2007 Annual Meeting.

**Independent Directors**

A director is not considered to be independent unless the Board determines that he has no material relationship with Neogen Corporation, either directly or through any organization with which he is affiliated that has a relationship with Neogen Corporation. Based on a review of the responses of the directors to questions about employment history, affiliation and family and other relationships and on discussions with the directors, all non-employee directors except Jack C. Parnell may be considered to be independent. As members of management, James L. Herbert, Chairman and Chief Executive Officer and Lon M. Bohannon, President and Chief Operating Officer, are not independent. Jack C. Parnell was not considered to be independent because of his relationship with Kahn, Soares and Conway, a firm that currently acts as Neogen Corporation's government affairs advisors. Neogen Corporation currently pays Kahn, Soares and Conway a retainer of \$1,750 monthly for its services.

**Table of Contents**

Effective August 1, 2007, the monthly retainer for the services of Kahn, Soares and Conway has been reduced to \$750. The Company does not expect to incur expenses in excess of the amount of the retainer. With this change in the amount of the retainer, effective August 1, 2007, Mr. Parnell is considered to be independent.

**Board Committees**

The Board has four committees. The current membership, number of meetings held during 2007 and the function performed by each of these committees are described below. None of the members of any of the committees is or ever has been an employee of the Company. The Board has determined that each of the committee members meets the independence standards for that committee within the meaning of applicable Nasdaq and SEC regulations.

**Audit Committee** Mr. Reed (Chair), Mr. Book and Dr. Guyer currently are members of the Audit Committee. The Audit Committee met five times during 2007 and oversees the Company's financial reporting process on behalf of the Board of Directors. The Audit Committee meets with management and the Company's independent registered public accounting firm throughout the year and reports the results of its activities to the Board of Directors. Further information regarding the role of the Audit Committee is contained in its charter that is available in the Investor Relations section of the Company's website at [www.neogen.com](http://www.neogen.com). For further information, see Audit Committee Report in this Proxy Statement. The Board has determined that Mr. Reed is an audit committee financial expert for purposes of applicable SEC rules.

**Compensation Committee** Mr. Parnell (Chair) and Mr. Fischer currently are members of the Compensation Committee, which met one time during 2007. The purpose of the Compensation Committee is to assist the Board in discharging its overall responsibilities relating to executive compensation. The Compensation Committee reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer and other executive officers prior to the beginning of each year, evaluates current year performance in light of those goals and establishes compensation levels for the upcoming year, including salary and bonus targets. Except in the case of the Chief Executive Officer, management provides recommendations to the Compensation Committee concerning compensation for officers. The Compensation Committee does not have a charter.

**Stock Option Committee** Mr. Papesh (Chair), Mr. Book and Mr. Reed currently are members of the Stock Option Committee, which met one time during 2007. The purpose of the Stock Option Committee is to assist the Board in discharging its overall responsibilities relating to the Neogen Corporation Stock Option Plan. Except in the case of the Chief Executive Officer, management provides recommendations to the Stock Option Committee concerning stock option awards for officers and employees. For further information, see Compensation Discussion and Analysis in this Proxy Statement.

**Nominating Committee** Mr. Book (Chair) and Mr. Parnell currently serve on the Nominating Committee. The Nominating Committee, which met two times during 2007 (as a part of the meeting of the whole of the Board of Directors with Mr. Herbert and Mr. Bohannon abstaining from deliberations and voting during such meetings), makes recommendations to the Board regarding individuals for nomination as director. For further information, see the charter of the Nominating

## **Table of Contents**

Committee that is available in the Investor Relations section of the Company's website at [www.neogen.com](http://www.neogen.com). When seeking to identify an individual to become a director to fill a new position or vacancy, the Nominating Committee will consult with incumbent directors, management and others. The Nominating Committee will consider, among other factors, the background and reputation of potential candidates in terms of character, personal and professional integrity, business and financial experience and acumen, how a person would complement the other directors in providing a diversity of expertise and experience and a person's availability and willingness to devote sufficient time to Board duties. Shareholders may recommend director candidates for consideration by the Nominating Committee by writing to the Secretary at 620 Leshar Place, Lansing, Michigan 48912, giving the candidate's name, relationship, if any, to the shareholder making the recommendation, biographical data and qualifications. The submission should also include a statement from the candidate consenting to being considered and, if nominated and elected, to serving as a director.

### Management's Role in Determining Executive Compensation

The Compensation Committee makes all final decisions regarding officer compensation. Management's involvement in executive compensation is typically for the Chief Executive Officer to make recommendations on compensation for those other than himself. No member of the Compensation Committee has served as an officer or employee at any time. No executive officer serves as a member of the compensation committee of any other company that has an executive officer serving as a member of Neogen Corporation's Board of Directors. None of Neogen Corporation's executive officers serves as a member of the board of directors of any other company that has an executive officer serving as a member of the Compensation Committee.

### Lead Director/Executive Sessions of Non-Management Directors

Mr. Parnell has been designated the lead independent director, with responsibility for coordinating the activities of the other independent directors. Mr. Parnell chairs all executive sessions of the Board. Mr. Herbert and Mr. Bohannon do not attend the executive sessions except that either officer may attend a portion of any session upon request. At least one executive session is held yearly.

### Contacting the Board of Directors

Shareholders and other interested persons may communicate directly with the Board on a confidential basis by mail to Neogen Corporation, 620 Leshar Place, Lansing, Michigan 48912. All such communications will be received directly by the Secretary of the Board and will not be screened or reviewed by any other Neogen Corporation employee.

### Code of Conduct and Ethics

Neogen Corporation has adopted a Code of Conduct applicable to all Neogen Corporation employees, officers and directors, including specifically the Chief Executive Officer, Chief Financial Officer and Corporate Controller, in the performance of their duties and responsibilities. The Code of Conduct is posted on the Company's website at [www.neogen.com](http://www.neogen.com) in the Investor Relations section and will be mailed to any shareholder upon request to the Secretary at 620 Leshar Place Lansing, Michigan 48912.

**Table of Contents**

Certain Relationships and Related Party Transactions

The Board of Directors acting as a committee of the whole approves or ratifies transactions involving directors, executive officers or principal shareholders, or members of their immediate families or entities controlled by any of them, or in which they have a substantial ownership interest, in which the amount involved exceeds \$120,000 and that are otherwise reportable under SEC disclosure rules. Such transactions include employment of immediate family members of any director or executive officer. Management advises the Board of any such transaction that is proposed to be entered into or continued and seeks approval. In the event any such transaction is proposed for which a decision is required prior to the next regularly scheduled meeting of the Board, it may be presented to the Audit Committee Chair for approval, in which event the decision will be reported to the full Board at its next meeting.

COMPENSATION DISCUSSION