

HARVARD BIOSCIENCE INC  
Form DEF 14A  
April 15, 2011  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

(Amendment No. )

Filed by the Registrant

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 Under Rule 14a-12

**Harvard Bioscience, Inc.**

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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**Table of Contents**

**HARVARD BIOSCIENCE, INC.**

**84 October Hill Road**

**Holliston, Massachusetts 01746-1371**

April 15, 2011

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Harvard Bioscience, Inc. (the Annual Meeting ) to be held on Wednesday, May 25, 2011 at 11:00 a.m. Boston time at the offices of Burns & Levinson LLP, 125 Summer Street, Boston, Massachusetts 02110. At the meeting, we will be voting on the matters described in this Proxy Statement.

This year, we are pleased to announce that we are taking advantage of the Securities and Exchange Commission rule that authorizes companies to furnish proxy materials to their shareholders over the Internet. This process expedites the delivery of proxy materials, materials remain easily accessible to shareholders, and shareholders receive clear instructions for receiving materials and voting.

We are mailing the Notice of Internet Availability of Proxy Materials to shareholders on or about April 15, 2011. The Proxy Statement and 2010 Annual Report to Stockholders, which includes the Annual Report on Form 10-K for the year ended December 31, 2010, are available at [www.proxyvote.com](http://www.proxyvote.com).

The Notice of Internet Availability of Proxy Materials contains instructions for our shareholders use of this new process, including how to access our Proxy Statement and 2010 Annual Report and how to vote, including online or by telephone or mail. In addition, the Notice of Internet Availability of Proxy Materials contains instructions on how you may (i) receive a paper copy of the Proxy Statement and 2010 Annual Report, if you received only a Notice of Internet Availability of Proxy Materials this year, or (ii) elect to receive your Proxy Statement and Annual Report only over the Internet, if you received them by mail this year.

If you are unable to attend the meeting, it is still important that your shares be represented and voted. Therefore, regardless of the number of shares you own, PLEASE VOTE THROUGH THE INTERNET, BY TELEPHONE OR BY MAIL. Any shareholder who attends the meeting may vote in person, even if he or she has voted through the Internet, by telephone or by mail.

The Board of Directors has fixed the close of business on March 29, 2011 as the record date for determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE CAST YOUR VOTE ONLINE, BY TELEPHONE OR BY COMPLETING, DATING, SIGNING AND PROMPTLY RETURNING YOUR PROXY CARD OR VOTING INSTRUCTIONS CARD IN THE POSTAGE-PAID ENVELOPE (WHICH WILL BE PROVIDED TO THOSE SHAREHOLDERS WHO REQUEST TO RECEIVE PAPER COPIES OF THESE MATERIALS BY MAIL) BEFORE THE ANNUAL MEETING SO THAT YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING. INSTRUCTIONS REGARDING THE METHODS OF VOTING ARE CONTAINED IN THE NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS.**

Sincerely,

Chane Graziano

*Chairman and Chief Executive Officer*

**Table of Contents**

**HARVARD BIOSCIENCE, INC.**

**84 October Hill Road**

**Holliston, Massachusetts 01746-1371**

**(508) 893-8999**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on Wednesday, May 25, 2011**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Harvard Bioscience, Inc. (the Company) will be held on Wednesday, May 25, 2011, at 11:00 a.m. Boston time at the offices of Burns & Levinson LLP, 125 Summer Street, Boston, Massachusetts 02110 (the Annual Meeting) for the following purposes:

1. The election of two Class II Directors, nominated by the Board of Directors, for three-year terms, such terms to continue until the annual meeting of stockholders in 2014 and until such Directors' successors are duly elected and qualified or until their earlier resignation or removal;
2. Approval of the Harvard Bioscience, Inc. Third Amended and Restated 2000 Stock Option and Incentive Plan to, among other things, increase the number of shares available for issuance thereunder by 3,700,000;
3. The ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011;
4. Approval, by a non-binding advisory vote, of the compensation of Harvard Bioscience's named executive officers;
5. Recommendation, by a non-binding advisory vote, of the frequency (one, two or three years) of the shareholder vote to approve the compensation of Harvard Bioscience's named executive officers; and

6. Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof. The Board of Directors has fixed the close of business on March 29, 2011 as the record date for determination of stockholders entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Only holders of common stock of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof. Each of the items of business listed above is more fully described in the proxy statement that accompanies this notice.

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In the event there are not sufficient shares to be voted in favor of any of the foregoing proposals at the time of the Annual Meeting, the Annual Meeting may be adjourned in order to permit further solicitation of proxies.

The Board of Directors of Harvard Bioscience, Inc. recommends that you vote FOR the election of the nominees of the Board of Directors as Directors of Harvard Bioscience, Inc., FOR the proposal to approval of the Harvard Bioscience Inc. Third Amended and Restated 2000 Stock Option and Incentive Plan to, among other things, increase the number of shares available for issuance thereunder by 3,700,000, FOR the proposal to ratify the appointment of KPMG LLP as our independent registered public accounting firm, FOR the proposal to approve, by a non-binding advisory vote, of the compensation of Harvard Bioscience s named executive officers, and FOR the proposal to recommend, by a non-binding advisory vote, 1 year as frequency of the shareholder vote to approve the compensation of Harvard Bioscience s named executive officers.

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on Wednesday, May 25, 2011: The Proxy Statement and 2010 Annual Report to Stockholders, which includes the Annual Report on Form 10-K for the year ended December 31, 2010, are available at [www.proxyvote.com](http://www.proxyvote.com). The Annual Report, however, is not part of the proxy solicitation material.**

By Order of the Board of Directors,  
Chane Graziano  
*Secretary, Chairman and Chief Executive Officer*

Holliston, Massachusetts

April 15, 2011

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE CAST YOUR VOTE ONLINE, BY TELEPHONE OR BY COMPLETING, DATING, SIGNING AND PROMPTLY RETURNING YOUR PROXY CARD OR VOTING INSTRUCTIONS CARD IN THE POSTAGE-PAID ENVELOPE (WHICH WILL BE PROVIDED TO THOSE STOCKHOLDERS WHO REQUEST TO RECEIVE PAPER COPIES OF THESE MATERIALS BY MAIL) BEFORE THE ANNUAL MEETING SO THAT YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING.**

**Table of Contents**

**Harvard Bioscience, Inc.**

**Notice of 2011 Annual Meeting of Stockholders,**

**Proxy Statement and Other Information**

**Contents**

	<b>Page</b>
<u>Proxy Statement</u>	1
<u>Proposal 1: Election of Directors</u>	3
<u>Information Regarding Directors</u>	4
<u>Information Regarding the Board of Directors and its Committees</u>	7
<u>Code of Business Conduct and Ethics</u>	10
<u>Report of the Audit Committee</u>	11
<u>Director Compensation</u>	12
<u>Compensation Discussion and Analysis</u>	13
<u>Executive And Director Compensation Process</u>	17
<u>Report of the Compensation Committee</u>	17
<u>Compensation Committee Interlocks and Insider Participation</u>	18
<u>Summary Compensation Table</u>	19
<u>Grants of Plan-Based Awards- 2010</u>	21
<u>Outstanding Equity Awards at Fiscal Year-End- 2010</u>	22
<u>Option Exercises And Stock Vested- 2010</u>	23
<u>Potential Payments Upon Termination or Change-in-Control</u>	23
<u>Security Ownership of Certain Beneficial Owners and Management</u>	28
<u>Equity Compensation Plan Information</u>	30
<u>Transactions With Related Persons</u>	30
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	30
<u>Expenses of Solicitation</u>	31
<u>Submission of Stockholder Proposals for the 2012 Annual Meeting</u>	31
<u>Submission of Securityholder Recommendations for Director Candidates</u>	31
<u>Stockholder Communications with the Board of Directors</u>	32
<u>Independent Registered Public Accounting Firm</u>	32
<u>Proposal 2: Approval of the Harvard Bioscience, Inc. Third Amended and Restated 2000 Stock Option and Incentive Plan</u>	33
<u>Proposal 3: Ratification of Appointment of Independent Registered Public Accounting Firm</u>	40
<u>Proposal 4: Approval, by a non-binding advisory vote, of the compensation of Harvard Bioscience s named executive officers</u>	40
<u>Proposal 5: Recommendation, by a non-binding advisory vote, of the frequency of the shareholder vote to approve the compensation of Harvard Bioscience s named executive officers</u>	41
<u>Multiple Stockholders Sharing the Same Address</u>	42
<u>Other Matters</u>	42
<u>Appendix A</u>	A-1



**Table of Contents**

**HARVARD BIOSCIENCE, INC.**

**84 October Hill Road**

**Holliston, Massachusetts 01746-1371**

**(508) 893-8999**

**PROXY STATEMENT**

**Annual Meeting of Stockholders to Be Held on Wednesday, May 25, 2011**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Harvard Bioscience, Inc. (the Company or we or us ) for use at the Annual Meeting of Stockholders of the Company to be held on Wednesday, May 25, 2011 at 11:00 a.m. Boston time at the offices of Burns & Levinson LLP, 125 Summer Street, Boston, Massachusetts 02110, and any adjournments or postponements thereof (the Annual Meeting ). You may obtain directions to the Annual Meeting at [www.proxyvote.com](http://www.proxyvote.com). At the Annual Meeting, the stockholders of the Company will be asked to consider and vote upon:

1. Election of two Class II Directors, nominated by the Board of Directors, for three-year terms, such terms to continue until the annual meeting of stockholders in 2014 and until such Directors' successors are duly elected and qualified or until their earlier resignation or removal;
2. Approval of the Harvard Bioscience, Inc. Third Amended and Restated 2000 Stock Option and Incentive Plan to, among other things, increase the number of shares available for issuance thereunder by 3,700,000;
3. Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011;
4. Approval, by a non-binding advisory vote, of the compensation of Harvard Bioscience's named executive officers;
5. Recommendation, by a non-binding advisory vote, of the frequency (one, two or three years) of the shareholder vote to approve the compensation of Harvard Bioscience's named executive officers; and

6. Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof. Under rules and regulations that the Securities and Exchange Commission, or SEC, instead of mailing a printed copy of our proxy materials to each shareholder of record or beneficial owner of our common stock, we are now furnishing proxy materials, which include our Proxy Statement and Annual Report, to our shareholders over the Internet and providing a Notice of Internet Availability of Proxy Materials by mail. The Notice

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of Internet Availability of Proxy Materials is first being mailed to stockholders of the Company on or about April 15, 2011, in connection with the solicitation of proxies for the Annual Meeting. The Board of Directors has fixed the close of business on March 29, 2011 as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting (the Record Date ). Only holders of Common Stock, par value \$.01 per share, of the Company (the Common Stock ) of record at the close of business on the Record Date will be entitled to notice of, and to vote at, the Annual Meeting. As of the Record Date, there were approximately 28,376,723 shares of Common Stock outstanding and entitled to vote at the Annual Meeting and approximately 212 stockholders of record. Each holder of a share of Common Stock outstanding as of the close of business on the Record Date will be entitled to one vote for each share held of record with respect to each matter properly submitted at the Annual Meeting.

The presence, in person or by proxy, of holders of at least a majority of the total number of outstanding shares of common stock entitled to vote is necessary to constitute a quorum for the transaction of business at the

## Table of Contents

Annual Meeting. Shares held of record by stockholders or their nominees who do not return a signed and dated proxy, properly deliver proxies via the Internet or telephone, or attend the Annual Meeting in person will not be considered present or represented at the Annual Meeting and will not be counted in determining the presence of a quorum. Consistent with applicable law, we intend to count abstentions and broker non-votes only for the purpose of determining the presence or absence of a quorum for the transaction of business. A broker non-vote refers to shares held by a broker or nominee that does not have the authority, either express or discretionary, to vote on a particular matter. Applicable rules no longer permit brokers to vote in the election of Directors if the broker has not received instructions from the beneficial owner. Accordingly, it is important that beneficial owners instruct their brokers how they wish to vote their shares.

With respect to the election of two Class II Directors in Proposal 1, such Directors are elected by a plurality of the votes cast if a quorum is present. Votes may be cast for or withheld from each Director. In a plurality election, votes may only be cast in favor of or withheld from each nominee; votes that are withheld will be excluded entirely from the vote and will have no effect. This means that the two persons receiving the highest number of FOR votes will be elected as Directors.

Approval of Proposal Nos. 2, 3 and 4, regarding the approval of the Harvard Bioscience, Inc. Third Amended and Restated 2000 Stock Option and Incentive Plan, the ratification of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011, and advisory vote on the compensation of our named executive officers respectively, requires the affirmative vote of a majority of the votes cast at the Annual Meeting in person or by proxy. With respect to Proposal No. 5, the advisory vote on the frequency of future advisory votes on compensation for our named executive officers, the alternative (one year, two years or three years) receiving the highest number of votes cast in person or by proxy will be considered the frequency recommended by stockholders.

Any shares not voted (whether by abstention, broker non-vote or otherwise) will have no impact on the election of Directors, except to the extent that the failure to vote for an individual results in another individual receiving a larger percentage of votes, and no impact on the proposal for approval of each other matter expected to be voted on at the Annual Meeting.

You will not receive a printed copy of the proxy materials unless you request to receive these materials in hard copy by following the instructions provided in the Notice of Internet Availability of Proxy Materials. Instead, the Notice of Internet Availability of Proxy Materials will instruct you how you may access and review all of the important information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs you how you may submit your proxy via the Internet or by telephone or mail. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials.

We encourage you to vote either online, by telephone or by completing, signing, dating and returning the enclosed proxy card or if you hold your shares through a brokerage firm, bank or other financial institution, by completing and returning a voting instruction form. This ensures that your shares will be voted at the Annual Meeting and reduces the likelihood that we will be forced to incur additional expenses soliciting proxies for the Annual Meeting.

Voting over the Internet, by telephone or mailing a proxy card will not limit your right to vote in person or to attend the Annual Meeting. Any record holder as of the Record Date may attend the Annual Meeting in person and may revoke a previously provided proxy at any time by: (i) executing and delivering a later-dated proxy to the corporate secretary at Harvard Bioscience, Inc., 84 October Hill Road, Holliston, Massachusetts 01746-1371; (ii) delivering a written revocation to the corporate secretary at the address above before the meeting; or (iii) voting in person at the Annual Meeting.

## **Table of Contents**

Beneficial holders who wish to change or revoke their voting instructions should contact their brokerage firm, bank or other financial institution for information on how to do so. Beneficial holders who wish to attend the Annual Meeting and vote in person should contact their brokerage firm, bank or other financial institution holding shares of common stock on their behalf in order to obtain a legal proxy, which will allow them to vote in person at the meeting. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

Our Board of Directors recommends an affirmative vote on all proposals specified in the notice for the annual meeting. Proxies will be voted as specified. If your proxy is properly submitted, it will be voted in the manner you direct. **If you do not specify instructions with respect to any particular matter to be acted upon at the meeting, proxies will be voted in favor of the Board of Directors' recommendations.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on Wednesday, May 25, 2011: The Proxy Statement and 2010 Annual Report to Stockholders, which includes the Annual Report on Form 10-K for the year ended December 31, 2010, are available at [www.proxyvote.com](http://www.proxyvote.com). The Annual Report, however, is not part of the proxy solicitation material.**

### **PROPOSAL 1**

#### **ELECTION OF DIRECTORS**

The Board of Directors of the Company currently consists of seven members and is divided into three classes of Directors, with two Directors in Class I, two Directors in Class II and three Directors in Class III. Directors serve for three-year terms with one class of Directors being elected by our stockholders at each annual meeting to succeed the Directors of the same class whose terms are then expiring.

At the Annual Meeting, two Class II Directors, nominated by the Board of Directors, will stand for re-election to serve until the 2014 annual meeting of stockholders and until their successors are duly elected and qualified or until their earlier resignation or removal.

At the recommendation of the Governance Committee, the Board of Directors has nominated David Green and John F. Kennedy for election as the Class II Directors of the Company. Unless otherwise specified in the proxy, it is the intention of the persons named in the proxy to vote the shares represented by each properly executed proxy FOR the election of Mr. David Green and Mr. John F. Kennedy. The nominees have agreed to stand for re-election and, if re-elected, to serve as Directors. However, if any person nominated by the Board of Directors is unable to serve or will not serve, the proxies will be voted for the election of such other person or persons as the Governance Committee and the Board of Directors may recommend.

#### **Vote Required**

The affirmative vote of a plurality of the votes cast by holders of shares of Common Stock present or represented by proxy and entitled to vote on the matter at the Annual Meeting is required for the election of each nominee as a Class II Director of the Company.

**THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF THE FOLLOWING NOMINEES OF THE BOARD OF DIRECTORS: DAVID GREEN AND JOHN F. KENNEDY. PROPERLY AUTHORIZED PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED FOR EACH OF THE NOMINEES UNLESS INSTRUCTIONS TO WITHHOLD OR TO THE CONTRARY ARE GIVEN.**

**Table of Contents**

**INFORMATION REGARDING DIRECTORS**

Set forth below is certain information regarding the Directors of the Company, including the Class II Directors who have been nominated for election at the Annual Meeting, based on information furnished to the Company by each Director. The biographical description below for each Director includes his age, all positions he holds with Harvard Bioscience, his principal occupation and business experience over the past five years, and the names of other publicly-held companies for which he currently serves as a director or has served as a Director during the past five years. The biographical description below for each Director also includes the specific experience, qualifications, attributes and skills that led to the conclusion by the Board of Directors that such person should serve as a director of Harvard Bioscience. In addition to such specific information, we also believe that all of our Directors have a reputation for integrity, honesty and adherence to high ethical standards. Further, they have each demonstrated business acumen and an ability to exercise sound judgment as well as a commitment of service to Harvard Bioscience and our Board.

The Board of Directors has determined that all of the Director nominees and incumbent Directors listed below are independent as such term is currently defined by applicable NASDAQ rules, except for Messrs. Graziano and Green who are also executive officers of the Company. In making its independence determination of Mr. Kennedy, the Board of Directors considered the fact that Mr. Graziano serves as a director of Nova Ventures Corporation, which formerly employed Mr. Kennedy as its President and Chief Financial Officer until his retirement in October 2008.

The positions of Chairman of the Board and Chief Executive Officer are currently occupied by one individual, Chane Graziano. Our Board of Directors believes that this leadership structure has served our Company well in the past and continues to serve it well at present, as Mr. Graziano's nearly five decades of experience in the laboratory products and analytical instruments industry, his knowledge and understanding of the Company and his significant ownership interest in Harvard Bioscience uniquely qualify him to serve as both Chairman and Chief Executive Officer. In his combined role, Mr. Graziano sets the strategic direction for our Company and provides day-to-day leadership. He also sets the agenda for Board meetings with input from the Lead Director and presides over all meetings of the full Board. This promotes unified leadership and direction for the Board and management.

Since the Chairman and Chief Executive Officer positions are currently occupied by Mr. Graziano, our Board appointed Earl R. Lewis, an independent Director, to serve in the role of Lead Director. As Lead Director, Mr. Lewis presides at all meetings of our Board of Directors at which the Chairman is not present, and he chairs the executive sessions of independent Directors, who regularly meet in executive sessions at which only independent Directors are present. Mr. Lewis also provides input to the Chief Executive Officer and may make suggestions regarding meeting agendas and bear such further responsibilities as our Board may designate from time to time. Mr. Lewis, from time to time, provides feedback to the Chief Executive Officer on executive sessions and facilitates discussion among the independent Directors outside of meetings of the Board of Directors.

**Table of Contents**

The following information is current as of February 28, 2011, based on information furnished to us by each Director:

**Directors of Harvard Bioscience, Inc.**

Name	Age	Position with the Company	Director Since
<b>Class I Directors Term expires 2013</b>			
<i>Robert Dishman</i> (2)(3)	66	Director	2000
<i>Neal J. Harte</i> (1)(3)	67	Director	2004
<b>Class II Directors Term expires 2011; Nominated to Serve a Term Expiring 2014</b>			
<i>David Green</i> *	46	President and Director	1996
<i>John F. Kennedy</i> * (1)(2)	62	Director	2000
<b>Class III Directors Term expires 2012</b>			
<i>Chane Graziano</i>	72	Chairman and Chief Executive Officer	1996
<i>Earl R. Lewis</i> (2)(3)	67	Director	2000
<i>George Uveges</i> (1)	63	Director	2006

\* Nominees for election.

- (1) Member of the Audit Committee
- (2) Member of the Compensation Committee
- (3) Member of the Governance Committee

*Nominees for Election as Class II Directors Nominated to Serve a Term Expiring in 2014*

*David Green* has served as our President and a member of the Board of Directors of the Company since March 1996. Prior to joining the Company, Mr. Green was a strategy consultant with Monitor Company, a strategy consulting company, in Cambridge, Massachusetts and Johannesburg, South Africa from June 1991 until September 1995 and a brand manager for household products with Unilever PLC, a packaged consumer goods company, in London from September 1985 to February 1989. Mr. Green currently is President and a board member of the Harvard Business School Healthcare Industry Alumni Association, and on the Executive Advisory Board of The University of Massachusetts Lowell Nanomanufacturing Center. Mr. Green graduated from Oxford University with a B.A. Honors degree in physics and holds a M.B.A. degree with distinction from Harvard Business School. We believe Mr. Green's qualifications to sit on our Board of Directors include his years of experience providing strategic consulting services and his executive leadership experience and knowledge and understanding of our Company from serving as our President.

*John F. Kennedy* has served as a Director of the Company since October 2000 and is a member of the Audit Committee and the Compensation Committee. From June 2006 until his retirement in October 2008, Mr. Kennedy served as President and Chief Financial Officer of Nova Ventures Corporation, the management company providing executive management services to the operating companies of Nova Holdings LLC, Nova Analytics Corporation and Nova Technologies Corporation. From July 2002 to June 2006, Mr. Kennedy served as the President and Chief Financial Officer of Nova Analytics Corporation, a worldwide supplier and integrator of analytical instruments. From August 1999 to April 2002, Mr. Kennedy served as the Senior Vice President, Finance, Chief Financial Officer and Treasurer of RSA Security Inc., an e-business security company. Prior to joining RSA Security, Mr. Kennedy was Chief Financial Officer of Decalog, NV, a developer of enterprise investment management software, from 1998 to 1999. From 1993 to 1998, Mr. Kennedy served as Vice President of Finance, Chief Financial Officer and Treasurer of Natural MicroSystems Corporation, a telecommunications company. Mr. Kennedy, a former CPA, also practiced as a public accountant at KPMG for 6 years. Mr. Kennedy serves on the Board of Directors of Datacom Systems, Inc. Mr. Kennedy holds an M.S.B.A. in Accounting from

## **Table of Contents**

the University of Massachusetts Amherst. We believe Mr. Kennedy's qualifications to sit on our Board of Directors include his executive leadership experience, his significant operating, accounting and financial management expertise and the knowledge and understanding of our Company that he has acquired over ten years of service on our Board.

### *Incumbent Class I Directors Term Expires 2013*

*Robert Dishman* has served as a Director of the Company since October 2000 and currently serves as Chairman of the Compensation Committee and is a member of the Governance Committee. To date, Dr. Dishman has founded or been key in the start-up and development of seven different businesses in the field of biological research, development and manufacture. Of these, three achieved successful IPOs, three were profitably sold and the most recent is still private. Most recently, he has served as a founder and Manager of BioFlash Partners LLC, recently sold to Repligen Corporation, and CEO and Chairman of Tarpon Biosystems Inc., which is a private company focused on new products designed to significantly reduce the cost of manufacturing biopharmaceuticals. Dr. Dishman has also served as the Chief Executive Officer and President of Molecular Recognition, Inc., a private investment company, since 2002. From 2000 to 2002, Dr. Dishman had served as a Founder, Chief Executive Officer and Director of Serenex, Inc., an integrated oncology-focused drug discovery and development company, since sold to Pfizer Inc. From 1994 to 2000, Dr. Dishman served in various executive positions with Dyax Corp (formerly Biotage, Inc.), a biological research and drug discovery company, through a successful IPO, including Executive Vice President and Director of Dyax Corp and President of Dyax Separations Division, a manufacturer and distributor of chemical separations products. Prior to this, Dr. Dishman was EVP and COO of Sepracor and held senior management positions at Millipore, Waters and GE Ionics. Dr. Dishman currently serves as a Board member of BioSystems Development, Inc. and Tarpon Biosystems, Inc. Dr. Dishman holds a Ph.D. in Analytical Chemistry from the University of Massachusetts Amherst. We believe Dr. Dishman's qualifications to sit on our Board of Directors include his executive experience, his expertise in the biotechnology industry, and the knowledge and understanding of our Company that he has acquired over ten years of service on our Board.

*Neal J. Harte* has served as a Director of the Company since February 2004 and is a member of the Audit Committee and the Governance Committee. Since 2003, Mr. Harte has served as the President of the TACS Group, a consulting firm. From 2002 to 2003, Mr. Harte served as the Executive Vice President and Vice Chairman of Caturano & Company. From 1974 to 2002, Mr. Harte served as the President of Harte, Carucci & Driscoll, P.C., a CPA firm. Mr. Harte serves on the Board of Trustees of Winchester Savings Bank. Mr. Harte is a member of the American Institute of Certified Public Accountants and served as a Council at Large. Mr. Harte served as President of the Massachusetts Society of Certified Public Accountants in 1991. Mr. Harte holds a B.S. degree in accounting from Boston College and holds a M.S. in taxation from Bentley College. We believe Mr. Harte's qualifications to sit on our Board of Directors include his years of experience providing consulting services and his nearly four decades of accounting and financial management expertise.

### *Incumbent Class III Directors Term expires 2012*

*Chane Graziano* has served as our Chief Executive Officer and Chairman of the Board of Directors of the Company since March 1996. Prior to joining the Company, Mr. Graziano served as the President of Analytical Technology Inc., an analytical electrochemistry instruments company, from 1993 to 1996 and as the President and Chief Executive Officer of its predecessor, Analytical Technology Inc.-Orion, an electrochemistry instruments and laboratory products company, from 1990 until 1993. Mr. Graziano served as the President of Waters Corporation, an analytical instrument manufacturer, from 1985 until 1989. Mr. Graziano has over 46 years experience in the laboratory products and analytical instruments industry. Mr. Graziano serves on the Board of Directors of Nova Holdings LLC and certain of its subsidiaries, including Nova Ventures Corporation, and Advion BioSciences, Inc. We believe Mr. Graziano's qualifications to sit on our Board of Directors include his experience in the laboratory products and analytical instruments industry and his executive leadership experience and knowledge and understanding of our Company from serving as our Chairman and Chief Executive Officer.

**Table of Contents**

*Earl R. Lewis* has served as a Director of the Company since October 2000 and Lead Director since November 2008. Mr. Lewis currently serves as Chairman of the Governance Committee and is a member of the Compensation Committee. Mr. Lewis has served as the Chairman, Chief Executive Officer and President of FLIR Systems, Inc., a designer, manufacturer and marketer of thermal imaging and infrared camera systems, since November 2000. Mr. Lewis previously served in various capacities with Thermo Instrument Systems, Inc. (now merged into Thermo Fisher Corporation, a developer, manufacturer and marketer of measuring and controlling devices) beginning in 1986 and was named President in 1997 and Chief Executive Officer in 1998. Thermo Fisher Corporation develops, manufactures and markets measuring and controlling devices. Mr. Lewis formerly was Chairman of Thermo BioAnalysis Corporation, Thermo Vision Corporation, Thermo Optek Corporation, ThermoQuest Corporation, each of which is a developer of laboratory analytical instruments, and ONIX Systems, Inc., a developer of measuring and controlling devices. Mr. Lewis currently serves on the Board of Directors of American DG Energy, Inc., NxStage Medical Inc. and Flir Systems, Inc. Mr. Lewis also serves on the Board of Trustees of Clarkson University and New Hampton School. Mr. Lewis holds a B.S. from Clarkson College of Technology and has attended post-graduate programs at the University of Buffalo, Northeastern University and Harvard University. Mr. Lewis has a Professional Director Certification, earned through an extended series of director education programs sponsored by the Corporate Directors Group, an accredited organization of RiskMetrics ISS. We believe Mr. Lewis's qualifications to sit on our Board of Directors include his experience in the laboratory products and analytical instruments industry, his executive leadership experience from serving as Chairman, Chief Executive Officer and President of FLIR Systems, Inc. and the knowledge and understanding of our Company that he has acquired over ten years of service on our Board.

*George Uveges* has served as a Director of the Company since March 2006 and is Chairman of the Audit Committee. Mr. Uveges is the founder and principal of the Tallwood Group, an angel-investing firm that provides financial and management advisory services in addition to investment capital. From 2001 to 2004, Mr. Uveges served as the President and Chief Executive Officer of TranXenoGen, Inc., a development stage biotechnology company that was listed on the Alternative Investment Market of the London Stock Exchange during that period. He was also a Director of that company from 2001 to 2005. Mr. Uveges was, from 2000 to 2001, the Chief Operating Officer of BioSource International, Inc., a publicly held company engaged in developing a broad-based offering of life science tools. Mr. Uveges also practiced as a public accountant at Ernst & Young for 13 years. Mr. Uveges serves as Chairman of the Board of Directors of Microfluidics International Corporation and has been a member of their Board of Directors since 2005. Mr. Uveges, a CPA, is a member of the American Institute of Certified Public Accountants, Financial Executives International and the National Association of Corporate Directors. Mr. Uveges holds a B.B.A. from Cleveland State University and an M.B.A. from Baldwin Wallace College. We believe Mr. Uveges's qualifications to sit on our Board of Directors include his operating, accounting and financial management expertise and approximately 15 years of experience in the life science industry in a variety of senior executive positions.

**INFORMATION REGARDING THE BOARD OF DIRECTORS AND ITS COMMITTEES**

During the year ended December 31, 2010, our Board of Directors held nine meetings. Each of the Directors attended at least 90% of the total number of meetings of the Board of Directors and of the committees of which he was a member. The Board of Directors encourages Directors to attend in person the Annual Meeting of Stockholders of the Company, or Special Meeting in lieu thereof, or, if unable to attend in person, to participate by other means, if practicable. In recognition of this policy, the Board of Directors typically schedules a regular meeting of the Board of Directors to be held on the date of, and immediately following, the Annual Meeting of Stockholders. All of the Directors in office at the time attended, in person, the 2010 Annual Meeting of Stockholders, which was held on May 27, 2010.

The non-employee Directors meet regularly in executive sessions outside the presence of management as required under applicable NASDAQ listing standards. The Board of Directors appointed Mr. Lewis as the Lead Director in November 2008 to, among other things, provide feedback to the Chief Executive Officer on executive sessions and facilitate discussion among the independent directors outside of meetings of the Board of Directors.



## **Table of Contents**

The Board of Directors has established an Audit Committee (the *Audit Committee* ), a Compensation Committee (the *Compensation Committee* ) and a Governance Committee (the *Governance Committee* ).

### *Audit Committee*

The Audit Committee currently consists of Messrs. Harte, Kennedy and Uveges. Mr. Uveges serves as the Chairman. The Audit Committee is comprised entirely of independent Directors and it operates under a Board approved charter that sets forth its duties and responsibilities. The Audit Committee met nine times during 2010.

Under its charter, the Audit Committee is responsible for:

reviewing with the independent registered public accounting firm and management the adequacy and effectiveness of internal controls over financial reporting;

reviewing and consulting with management and the independent registered public accounting firm on matters related to the annual audit, the published financial statements, earnings releases and the accounting principles applied;

appointing, retaining and evaluating our independent auditors; and

the compensation, retention and oversight of our independent auditors and the evaluation of the independent auditors' qualifications, performance and independence.

The Audit Committee is responsible for reviewing and discussing with management our policies with respect to risk assessment and risk management. The Board and the Audit Committee discuss matters relating to risks that arise or may arise.

The Audit Committee has established policies and procedures for the pre-approval of all services provided by the independent auditors. The Audit Committee has also established procedures for the receipt, retention and treatment, on a confidential basis, of complaints received by the Company. The Board of Directors and the Audit Committee have adopted a Code of Business Conduct and Ethics, a current copy of which is available on the Corporate Governance page in the Investor Relations section of our website at [www.harvardbioscience.com](http://www.harvardbioscience.com).

The Board of Directors has determined that Messrs. Harte, Kennedy and Uveges are *independent* as such term is currently defined by NASDAQ rules, meet the criteria for independence set forth under the rules of the Securities and Exchange Commission, and are able to read and understand fundamental financial statements. The Board of Directors has also determined that each of Messrs. Harte, Kennedy and Uveges qualifies as an *audit committee financial expert* under the rules of the Securities and Exchange Commission.

The Audit Committee Charter is available on the Corporate Governance page in the Investor Relations section of our website at [www.harvardbioscience.com](http://www.harvardbioscience.com). Please note that the information contained on the Company website is not incorporated by reference in, or considered to be a part of, this Proxy Statement.

### *Compensation Committee*

The Compensation Committee currently consists of Dr. Dishman, and Messrs. Kennedy and Lewis. Dr. Dishman serves as the Chairman. The Compensation Committee is comprised entirely of independent Directors and it operates under a Board approved charter that sets forth its duties and responsibilities. The Compensation Committee met four times during 2010.

The Compensation Committee determines and oversees the execution of our compensation philosophy and oversees the administration of our executive compensation programs. Its responsibilities also include overseeing Harvard Bioscience's compensation and benefit plans and policies, administering its stock plans (including



## **Table of Contents**

reviewing and approving equity grants) and reviewing and approving annually all compensation decisions for the Company's executive officers, including the Chairman and CEO and the other executive officers named in the 2010 Summary Compensation Table. See "Executive Compensation Compensation Discussion and Analysis" later in this Proxy Statement for information concerning the Compensation Committee's role, processes and activities in overseeing executive compensation.

The Board of Directors has determined that Dr. Dishman, and Messrs. Kennedy and Lewis are "independent" as such term is currently defined by NASDAQ rules.

The Compensation Committee Charter is available on the Corporate Governance page in the Investor Relations section of our website at [www.harvardbioscience.com](http://www.harvardbioscience.com). Please note that the information contained on the website is not incorporated by reference in, or considered to be a part of, this Proxy Statement.

### *Governance Committee*

The current members of the Governance Committee are Dr. Dishman, and Messrs. Harte and Lewis. Mr. Lewis is the Chairman. The Governance Committee is comprised entirely of independent directors and it operates under a Board approved charter that sets forth its duties and responsibilities. The Governance Committee met one time during 2010.

Under the terms of its charter, the Governance Committee is responsible for identifying individuals qualified to become Board members, consistent with criteria recommended by the Governance Committee and approved by the Board of Directors, and recommending that the Board of Directors select the director nominees for election at each annual meeting of stockholders. Its responsibilities also include recommending to the Board of Directors the criteria for membership on Board Committees. The Governance Committee is also responsible for assisting the Board of Directors with such corporate governance matters as the Board of Directors may request.

In identifying and evaluating nominees for the Board of Directors, the Governance Committee may solicit recommendations from any or all of the following sources: non-management Directors, the Chairman and Chief Executive Officer, other executive officers, third-party search firms or any other source it deems appropriate. In addition, the Governance Committee has established a policy that it will review and consider any Director candidates who have been recommended by securityholders in compliance with certain procedures established by the Governance Committee. The procedures to be followed by securityholders in submitting such recommendations are described in the section entitled

"Submission of Securityholder Recommendations for Director Candidates" beginning on page 31 of this Proxy Statement. The Governance Committee will review and evaluate the qualifications of any such proposed Director candidate and conduct inquiries it deems appropriate.

The Governance Committee will evaluate all such proposed Director candidates, including those recommended by securityholders in compliance with the procedures established by the Governance Committee, in the same manner, with no regard to the source of the initial recommendation of such proposed Director candidate. When considering a potential candidate for membership on the Board of Directors, the Governance Committee may consider, in addition to the minimum qualifications and other criteria for Board membership approved by the Board of Directors, all facts and circumstances that the Governance Committee deems appropriate or advisable, including, among other things, the skills of the proposed Director candidate, his or her availability, depth and breadth of business experience or other background characteristics, his or her independence and the needs of the Board of Directors. At a minimum, each nominee must have high personal and professional integrity, have demonstrated ability and judgment, and be effective, in conjunction with the other Directors and nominees, in collectively serving the long-term interests of the stockholders. In addition, the Governance Committee will recommend that the Board select persons for nomination to help ensure that a majority of the Board shall be "independent" in accordance with NASDAQ rules and each of its Audit, Compensation and Governance Committees shall be comprised entirely of independent directors; provided,

## **Table of Contents**

however, in accordance with NASDAQ rules, under exceptional and limited circumstances, if a committee has at least three members, the Board may appoint one individual to such committee who does not satisfy the independence standards. Although there is no specific policy regarding the consideration of diversity in identifying director nominees, the Governance Committee may consider whether the nominee, if elected, assists in achieving a mix of Board members that represents a diversity of background and experience. The Governance Committee also may consider whether the nominee has direct experience in the biotechnology, pharmaceutical and/or life sciences industries or in the markets in which the Company operates.

The Board of Directors has determined that Dr. Dishman, and Messrs. Harte and Lewis are independent as such term is currently defined by NASDAQ rules.

The Governance Committee Charter is available on the Corporate Governance page in the Investor Relations section of our website at [www.harvardbioscience.com](http://www.harvardbioscience.com). Please note that the information contained on the website is not incorporated by reference in, or considered to be a part of, this Proxy Statement.

### *The Board's Role in Risk Oversight*

Risks to the Company are discussed by the Board of Directors during the year. Management is responsible for the day-to-day management of risks we face while the Board, as a whole and through its Committees, oversees risk management. The Audit Committee is responsible for reviewing and discussing with management our policies with respect to risk assessment and risk management. The Board of Directors and the Audit Committee review and discuss, including with management, risks that arise or may arise. For example, the Audit Committee discusses financial risk, including with respect to financial reporting and internal controls, with management and our independent registered public accounting firm and the steps management has taken to minimize those risks. Our Board of Directors also administers its risk oversight function through the required approval by the Board (or a Committee of the Board) of significant transactions and other material decisions.

### *Risk Considerations in our Compensation Programs*

The Compensation Committee believes that risks arising from our policies and practices for compensating employees are not reasonably likely to have a material adverse effect on the Company.

## **CODE OF BUSINESS CONDUCT AND ETHICS**

The Board of Directors has adopted a Code of Business Conduct and Ethics, which applies to all Directors, officers and employees of the Company and its subsidiaries including the Chairman and Chief Executive Officer, the President, the Chief Financial Officer, the Chief Operating Officer, and the Vice President of Finance. The Code of Business Conduct and Ethics is available on the Corporate Governance page in the Investor Relations section of our website at [www.harvardbioscience.com](http://www.harvardbioscience.com). We intend to post any amendments to or waivers from this Code of Business Conduct and Ethics at this location on our website. Please note, however, that the information contained on the website is not incorporated by reference in, or considered a part of, this Proxy Statement.

**Table of Contents**

**REPORT OF THE AUDIT COMMITTEE**

*Notwithstanding anything to the contrary set forth in any of the Company's previous or future filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate this Proxy Statement or any future filing with the Securities and Exchange Commission, in whole or in part, the following report shall not be deemed incorporated by reference into any such filing.*

The undersigned members of the Audit Committee of the Board of Directors of the Company submit this report in connection with the committee's review of the financial reports of the Company for the fiscal year ended December 31, 2010 as follows:

1. The Audit Committee has reviewed and discussed with management the audited financial statements of the Company for the fiscal year ended December 31, 2010.
2. The Audit Committee has discussed with representatives of KPMG LLP the matters required to be discussed with them by applicable requirements of the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.
3. The Audit Committee has received the written disclosures and the letter from the independent accountant required by the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee:

George Uveges, Chairman

John F. Kennedy

Neal J. Harte

**Table of Contents****DIRECTOR COMPENSATION**

We use a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on our Board. In setting director compensation, the Compensation Committee considers the significant amount of time that Directors expend in fulfilling their duties to the Company as well as the skill-level required by the Company of members of the Board.

Directors who are also employees of the Company receive no additional compensation for service as a Director. Non-employee Directors receive the compensation described below.

Each non-employee Director is entitled to receive a non-qualified stock option to purchase 25,000 shares of our common stock vesting annually over three years and granted on the fifth business day following his or her initial election to the Board of Directors. Each non-employee Director receives an annual retainer of \$12,000 paid in four equal quarterly installments and is also entitled to receive a non-qualified stock option to purchase a number of shares of our common stock having an aggregate Black-Scholes cash value of \$41,250, rounded to the nearest 100 shares, vesting annually over three years and granted on the fifth business day following each annual meeting of stockholders. In addition, the Lead Director is entitled to receive a non-qualified stock option to purchase a number of shares of our common stock having an aggregate Black-Scholes cash value of \$41,250, rounded to the nearest 100 shares, vesting annually over three years and granted on the fifth business day following each annual meeting of stockholders.

Each non-employee Director member of the Audit Committee is entitled to receive an additional annual retainer of \$8,000, each non-employee Director member of the Compensation Committee is entitled to receive an additional annual retainer of \$4,000 and each non-employee member of the Governance Committee is entitled to receive an additional annual retainer of \$4,000. In addition, each Committee Chairman (Audit Committee, Compensation Committee and Governance Committee) is entitled to receive an additional annual retainer of \$4,000. Retainers are paid in four equal quarterly installments.

Non-employee Directors are reimbursed for their expenses incurred in connection with attending Board and committee meetings.

**Director Compensation Table**

The following table presents the compensation provided by us to the non-employee Directors who served during the fiscal year ended December 31, 2010.

Name (1)	Fees Earned or Paid in		Total
	Cash	Option Awards (2)	
<i>Robert Dishman</i>	\$ 24,000	\$ 33,820	\$ 57,820
<i>Neal J. Harte</i>	24,000	33,820	57,820
<i>John F. Kennedy</i>	24,000	33,820	57,820
<i>Earl R. Lewis</i>	24,000	67,640	91,640
<i>George Uveges</i>	24,000	33,820	57,820

- (1) Chane Graziano, our Chairman of the Board and Chief Executive Officer, and David Green, our President, are not included in this table as they are employees of the Company and thus receive no compensation for their services as Directors. The compensation received by Messrs. Graziano and Green as employees of the Company is shown in the Summary Compensation Table on page 19.
- (2) Based on the aggregate grant date fair value computed awards in accordance with the provisions of FASB ASC 718, *Compensation Stock Compensation excluding the impact of estimated forfeitures*. Assumptions used in the calculation of this amount are included in Note 16 to our audited financial statements for the fiscal year ended December 31, 2010, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2011.

**Table of Contents**

**COMPENSATION DISCUSSION AND ANALYSIS**

Our compensation philosophy is designed to support our key objective of creating value for our stockholders by growing our revenues, growing our U.S. GAAP and non-GAAP adjusted earnings per diluted share, increasing our total market capitalization and growing our share price. Our Compensation Committee is responsible for establishing and approving the compensation for all executive officers of the Company and our Chairman.

This Compensation Discussion and Analysis explains our compensation objectives, policies and practices with respect to our Chairman and Chief Executive Officer, our Chief Financial Officer, and our other two most highly-compensated executive officers as determined in accordance with applicable SEC rules, which are collectively referred to as the named executive officers or, in this Compensation Discussion and Analysis section, our executives. Our named executive officers are as follows: Chane Graziano, Chairman and Chief Executive Officer; Thomas McNaughton, Chief Financial Officer and Treasurer; David Green, President; and Susan M. Luscinski, Chief Operating Officer.

***Objectives of Our Executive Compensation Programs***

Our compensation programs for our named executive officers are designed to achieve the following objectives:

attract and retain high performing and experienced executives;

motivate and reward executives whose knowledge, skills and performance are critical to our success;

align the interests of our executives and stockholders by motivating executives to increase stockholder value and rewarding executives when stockholder value increases;

foster a shared commitment among executives by coordinating their goals; and

motivate our executives to manage our business to meet our short and long-term objectives, and reward them for meeting these objectives.

***Peer Group Information and Benchmarking***

In connection with compensation decisions in 2010 and compensation decisions that have been made to date in 2011, our Compensation Committee, with the assistance of the Chairman and Chief Executive Officer and other Company employees, reviewed market compensation data of our peer group companies as reported by Radford, an Aon Hewitt Consulting company, in the nationally recognized Radford Global Life Sciences Survey. Our Chairman and Chief Executive Officer, in consultation with the Chairman of our Compensation Committee, selected the peer group of companies to be utilized for purposes of benchmarking, which included all companies in the survey with a total headcount of 150-499 employees. In total, there were approximately 541 public and private companies participating in the survey. We use the peer group compensation data primarily to ensure that the total direct compensation for senior management is within a reasonable range of comparative pay of the peer group companies. While peer group market data provides a useful starting point for compensation decisions, our Compensation Committee also takes into account factors such as level of individual responsibility, prior experience and performance in arriving at final compensation decisions.

Generally, neither Harvard Bioscience nor the Compensation Committee have used compensation consultants in the past other than independent third-party benchmarking surveys of annual compensation paid by companies in the life sciences industry such as the Radford Global Life Sciences Survey described above. During fiscal 2011, the Compensation Committee will be performing extensive review and analysis of our overall executive compensation programs. To assist in this analysis, the Compensation Committee has engaged Radford to perform a complete analysis and provide recommendations pertaining to our compensation philosophy, peer group comparisons, and competitiveness of salary, bonus and long-term incentive compensation. The assessment will also include a review of the employment contracts for the named executive officers and provisions therein relating to compensation and benefits.

The elements of executive compensation include base salary, annual cash incentive bonuses, employment agreements, long-term equity incentive compensation and broad-based benefits programs.



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## **Table of Contents**

### ***Base Salary***

We pay our executives a base salary, which we review and determine annually. We believe that a competitive base salary is a necessary element of any compensation program that is designed to attract and retain talented and experienced executives. We also believe that attractive base salaries can motivate and reward executives for their overall performance. Although base salaries are established in part based on the individual experience, skills and expected contributions during the coming year of each of our executives and each executive's performance during the prior year, we do not view base salaries as primarily serving our objective of paying for performance.

It is our goal to maintain a base salary structure among our executives that, in our judgment, appropriately reflects their respective roles and responsibilities. The Compensation Committee reviewed executive officer compensation during the first quarter of 2010. For 2010, we increased the base salaries of our named executive officers as follows: Mr. Graziano's base salary increased from \$535,500 to \$584,500 per year, Mr. Green's base salary increased from \$441,000 to \$490,000 per year, Ms. Luscinski's base salary increased from \$275,625 to \$300,000 per year, and Mr. McNaughton's base salary increased from \$235,000 to \$275,000 per year. The base salaries of our executives, which had not been increased for 2009, reflected increases of approximately 9% with respect to Mr. Graziano and Ms. Luscinski, 11% with respect to Mr. Green and 17% with respect to Mr. McNaughton. The Compensation Committee approved such increases based on the factors discussed above as well as our goal of maintaining a base salary structure among our executives that, in our judgment, appropriately reflects their respective roles and responsibilities.

Our executives' base salaries reflect the initial base salaries that we negotiated with each of our executives at the time of his or her initial employment or promotion and our subsequent adjustments to these amounts, to reflect market increases, our growth, our executives' performance and increased experience, any changes in our executives' roles and responsibilities and other factors. The base salaries of our executives are based on our understanding of base salaries for comparable positions at similarly situated companies at the time, the individual experience and skills of, and expected contribution from each executive, the roles and responsibilities of the executive, the base salaries of our existing executives and other factors.

### ***Annual Cash Incentive Bonuses***

Consistent with our emphasis on performance-based incentive compensation programs, our executives are eligible to receive annual cash incentive bonuses primarily based upon our Company meeting certain growth targets, which are measured by exceeding non-GAAP earnings per diluted share growth targets. The primary objective of our annual cash incentive bonuses is to motivate and reward our named executive officers for meeting our short-term objectives.

We have structured our annual cash incentive bonuses in a manner so that they may represent a meaningful portion of our executives' currently paid out cash compensation. In establishing these levels, in addition to considering the incentives that we want to provide to our executives, we also consider the bonus levels for comparable positions at peer group companies and our historical practices.

The Compensation Committee of our Board has the discretion to provide such bonuses for a given fiscal year based on the performance of our executives with respect to the established growth targets for such period. In exercising this discretion, the Compensation Committee has the authority to set desired goals and targets for the executive officer. Pursuant to its discretionary authority, the Compensation Committee also considers other performance goals, current economic conditions and exceptional and/or inadequate performances by each executive officer when evaluating whether and to what extent to award bonuses. In 2010, the Compensation Committee of our Board established certain objectives and targets with respect to the annual cash incentive bonuses for the executive officers in 2010, including Messrs. Graziano, McNaughton, Green and Ms. Luscinski. These objectives and targets, included meeting or exceeding 2010 revenue and non-GAAP adjusted diluted

## **Table of Contents**

earnings per share guidance of \$109-\$112 million and \$0.36-\$0.38, respectively, at foreign exchange rates of USD1.6/GBP and USD1.4/Euro, as well as certain other objectives, including the completion of an acquisition, identifying additional acquisition targets, achievement of certain regenerative medicine business plans for the cell injector and bioreactor projects, and broadening our exposure to micro-cap investors.

In determining whether and to what extent to award any annual cash incentive bonus for 2010, the Compensation Committee considered if the established objectives and targets, including those described above, were met and or exceeded. In addition to the achievement of the corporate goals and other factors noted above, the Compensation Committee assessed the extent to which each executive officer contributed to our achievement of such objectives and targets. Based on the executive's performance and such other considerations, the Compensation Committee established a bonus pool in the amount of \$620,000 and determined to award bonuses of \$220,000 to Mr. Graziano, \$250,000 to Mr. Green, \$50,000 to Ms. Luscinski, and \$100,000 to Mr. McNaughton.

### ***Employment Agreements***

We have entered into employment agreements with Messrs. Graziano, McNaughton, Green and Ms. Luscinski. The agreements require us to provide certain payments and benefits to these executives in the event of a termination of the executive's employment by us without cause, by the executive for good reason or upon death or disability. In return, each executive covenants not to compete or solicit our employees for one year following the termination of employment. We believe that negotiation of the severance level in advance makes it less problematic for our Board of Directors to terminate executives for performance reasons without the need for protracted negotiation over severance.

The employment agreements with our named executive officers also provide change-in-control benefits. For example, in the event we were to undergo a change-in-control followed within 18 months by the termination of an executive's employment by the executive for good reason or by the Company without cause, our employment agreements provide for full vesting of all equity awards granted to our executives upon the change-in-control. We believe that it is fair to provide for accelerated vesting because equity grants generally provide a high proportion of the total compensation of our executive officers. Very often, senior management lose their jobs in connection with a change-in-control. By agreeing up front to protect our executive officers from losing their equity in the event of a change-in-control, we believe we can reinforce and encourage the continued attention and dedication of our executive officers to their assigned duties without distraction in the face of an actual or threatened change-in-control. This protection also aligns the interests of our executive officers with that of our shareholders.

See [Potential Payments Upon Termination or Change-in-Control](#) for a summary of the employment agreements.

### ***Long-Term Equity Incentive Compensation***

We grant long-term equity incentive awards in the form of stock options or deferred stock awards of restricted stock units ( RSU ) to executives as part of our total compensation package. We place a significant emphasis on performance-based incentive compensation. These awards generally represent a significant portion of total executive compensation. We use long-term equity incentive awards in order to align the interests of our executives and our stockholders by providing our executives with strong incentives to increase stockholder value and a significant reward for doing so. During 2010, the Compensation Committee of the Board of Directors approved the grant of RSU's for our executives. Our decisions regarding the amount and type of long-term equity incentive compensation and relative weighting of these awards among total executive compensation have also been based on our understanding of market practices of our peer group companies and take into account additional factors such as level of individual responsibility, experience and performance.

## **Table of Contents**

The RSUs issued in 2010 vest in four equal installments starting January 1, 2011, subject to continued employment with the Company. An RSU is a grant representing the right to receive a share of common stock upon vesting of the RSU and satisfaction of other conditions but for which no share of common stock is issued until the RSU vests and any other applicable conditions are satisfied. A holder of an RSU does not have any rights of a stockholder until the RSU vests and is converted to common stock. The fair value of RSUs are based on the market price of our common stock on the date of grant. Unvested RSUs are forfeited in the event of termination of employment or engagement with the Company.

Stock option awards provide our executive officers with the right to purchase shares of our common stock at a fixed exercise price typically for a period of up to ten years, subject to continued employment with our Company. Stock options are earned based on continued service to us and generally vest over four years, with one-fourth vesting on the first day of January, following the grant date, then pro-rata vesting annually thereafter.

The exercise price of each stock option granted under our 2000 Plan is based on the fair market value of our common stock on the grant date. The fair market value of our common stock is defined as the closing market price of a share of our common stock on the date of grant. We do not have any program, plan or practice of setting the exercise price based on a date or price other than the fair market value of our common stock on the grant date.

Stock option and RSU awards are made pursuant to our Second Amended Restated 2000 Stock Option and Incentive Plan, or our 2000 Plan. Subject to stockholder approval of the same as further described in this Proxy Statement under Proposal 2 below, following the 2010 Annual Meeting of Stockholders, stock option and RSU awards will be made pursuant to our Third Amended and Restated 2000 Stock Option and Incentive Plan. See *Potential Payments Upon Termination or Change-in-Control* on page 23 hereof for a discussion of the change-in-control provisions related to stock options and RSUs.

Annual stock option grants and RSUs to employees and named executive officers are generally made on the fifth business day following each annual meeting of stockholders. Stock options granted to employees hired or promoted during a month are generally granted on the first business day of the following month. If NASDAQ is closed on the appropriate business day as described above, then the grants will instead be made on the next day that NASDAQ is open for trading. The Compensation Committee retains the discretion to grant options at such other times as it may otherwise deem appropriate.

In 2010, we granted RSUs to our named executive officers as follows: Mr. Graziano 133,600 units, Mr. McNaughton 66,800 units, Mr. Green 133,600 units and Ms. Luscinski 66,800 units. The amount of these grants was determined primarily based on the peer group compensation data that we reviewed from the Radford Global Life Sciences Survey, including similar grants made by the companies in our peer group for executives performing similar roles. The quantity of the RSU granted to each recipient were based on a Black-Scholes value multiplied by the number of awards divided by the fair market value of the underlying shares on the date of the grant. The fair market value of our common stock on the fifth business day following our 2010 Annual Meeting of Stockholders was used to calculate the number of the restricted stock units to be awarded. In order to utilize the standardized data contained in the Radford Global Life Sciences Survey, our Chief Executive Officer performed for the Compensation Committee a detailed review of the actual roles of each of our named executive officers and, where a named executive officer's actual role contained portions of the responsibilities for several of the standardized positions used in the survey, data for each position was reviewed and utilized in determining the actual amount of the grant to the named executive officer. Additionally, the Compensation Committee considered the amounts of the grants being made to our other named executive officers.

### ***Broad-Based Benefits Programs***

All full-time employees in the United States, including our named executive officers, may participate in our employee stock purchase plan and in our health and welfare benefit programs, including medical coverage, dental coverage, disability insurance, life insurance and our 401(k) plan. We offer similar plans in foreign countries.

**Table of Contents**

**EXECUTIVE AND DIRECTOR COMPENSATION PROCESS**

Our Compensation Committee has the authority to determine all compensation payable to our executive officers. Our Chairman and Chief Executive Officer makes recommendations to our Compensation Committee regarding the compensation of all executive officers, excluding his own, but our Compensation Committee is ultimately responsible for approving this compensation.

As noted above, in 2010, our Chairman and Chief Executive Officer and Compensation Committee reviewed market compensation data provided by The Radford Global Life Sciences Survey in making recommendations for approval by the Compensation Committee of the compensation paid to our executive officers in 2010. Our Chairman and Chief Executive Officer, in consultation with the Chairman of our Compensation Committee, identified the comparable positions for each of our executive officers in the survey based on their positions and responsibilities, and selected the peer group of companies to be utilized for purposes of benchmarking, which included all companies in the survey with a total headcount of 150-499 employees. Our Chairman and Chief Executive Officer then presented information to our Compensation Committee, which included: (1) a list of the companies included in The Radford Global Life Sciences Survey, (2) individual surveys of responsibilities identifying the key responsibilities of each of our executive officers, (3) individual position matching and professional experience summaries, which compared the responsibilities and prior year compensation of each executive officer to the typical responsibilities and average prior year compensation of persons serving in the most comparable position in the Radford Global Life Sciences Survey, and (4) our Chairman and Chief Executive Officer's recommendations of compensation for each of our executive officers for 2010, other than himself. The Compensation Committee considered this information along with other factors such as level of individual responsibility, prior experience and performance.

Generally, our Chairman and Chief Executive Officer recommends the terms of an annual corporate bonus plan to our Compensation Committee. Our Compensation Committee then, after considering the recommendations made by our Chairman and Chief Executive Officer, determines the terms and amount of compensation to pay to each of our executive officers, including our Chief Executive Officer, and the terms of any corporate bonus plan. See *Annual Cash Incentive Bonuses* on page 14 hereof for a discussion of the bonuses earned in 2010 by our named executive officers.

Our Board of Directors has the authority to approve all compensation payable to our Directors, although our Compensation Committee is responsible for making recommendations to our Board regarding this compensation. Additionally, our Chairman and Chief Executive Officer may also make recommendations or assist our Compensation Committee in making recommendations regarding director compensation. Our Board of Directors and Compensation Committee annually review our Director compensation. In February 2011, our Compensation Committee recommended no changes in non-employee Director Compensation from the compensation approved in February 2010.

**REPORT OF THE COMPENSATION COMMITTEE**

We, the Compensation Committee of the Board of Directors of Harvard Bioscience, Inc., have reviewed and discussed the Compensation Discussion and Analysis set forth above with the management of the Company, and, based on such review and discussion, have recommended to the Board of Directors inclusion of the Compensation Discussion and Analysis in this Proxy Statement and, through incorporation by reference from this Proxy Statement, the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Compensation Committee:

Robert Dishman, Chairman

John F. Kennedy

Earl R. Lewis

**Table of Contents**

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During the 2010 fiscal year, the Compensation Committee consisted of Dr. Dishman, and Messrs. Kennedy and Lewis. None of these Directors has served as an officer or employee of the Company or any of its subsidiaries. During the 2010 fiscal year, to the knowledge of the Company, none of its executive officers:

served as a member of the compensation committee of another entity, one of whose executive officers served on the Compensation Committee;

served as directors of another entity, one of whose executive officers served on the Compensation Committee; or

served as members of the compensation committee of another entity, one of whose executive officers served as one of the Company's directors.

**Table of Contents****SUMMARY COMPENSATION TABLE**

The table below summarizes the total compensation paid or earned by each of the named executive officers for services rendered in all capacities, by our Chairman and Chief Executive Officer, our Chief Financial Officer and the two other most highly compensated executive officers during the fiscal years ended December 31, 2010, 2009 and 2008.

Name and Principal Position	Year	Salary (\$)	Bonus (\$ (1))	Option Awards (\$ (2))	Restricted Stock Units (\$ (3))	Non-Equity Incentive Plan		Total (\$)
						Compensation (\$ (4))	All Other Compensation (\$)	
<i>Chane Graziano</i> Chairman and Chief Executive Officer	2010	\$ 584,500	\$ 220,000	\$	\$ 482,296	\$	\$ 37,768(5)	\$ 1,324,564
	2009	535,500		766,560		56,000	34,580(6)	1,392,640
	2008	535,500		335,790			27,856(7)	899,146
<i>Thomas McNaughton (8)</i> Chief Financial Officer and Treasurer	2010	275,000	100,000		241,148		7,637(9)	623,785
	2009	235,000		383,280		56,000	5,649(9)	679,929
	2008	66,885		160,630				227,515
<i>David Green</i> President	2010	490,000	250,000		482,296		25,269(10)	1,247,565
	2009	441,000		766,560		56,000	24,598(11)	1,288,158
	2008	441,000		223,860			21,412(12)	686,272
<i>Susan M. Luscinski</i> Chief Operating Officer	2010	300,000	50,000		241,148		12,850(13)	603,998
	2009	275,625		383,280		56,000	11,966(13)	726,871
	2008	275,625		111,930			10,832(13)	398,387

- (1) These amounts reflect the annual cash incentive bonus granted to the named executive officers in 2010 pursuant to the authority of the Compensation Committee. There was no formal corporate bonus plan adopted in 2010. The bonuses in 2009 were granted pursuant to our 2009 Corporate Bonus Plan and are referenced in the Non-Equity Incentive Plan Compensation column. Our executives were not awarded any bonuses for 2008.
- (2) Based on the aggregate grant date fair value computed awards in accordance with the provisions of FASB ASC 718, *Compensation Stock Compensation*, excluding the impact of estimated forfeitures. Assumptions used in the calculation of this amount are set forth in Note 16 to our audited financial statements for the fiscal year ended December 31, 2010, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2011.
- (3) The fair value of the RSU's are based on the market price of our common stock on the date of the grant multiplied by the total number of the RSU's granted to each of the named executive officers of the Company.
- (4) These amounts reflect the annual cash incentive bonus granted to the named executive officers in 2009, under the 2009 Corporate Bonus Plan.
- (5) Includes \$9,636 for personal usage of Company owned automobile (as calculated in accordance with Internal Revenue Service guidelines and included as compensation on the W-2), \$17,512 in matching contributions made by us to Mr. Graziano's tax-qualified 401(k) Savings Plan account and \$10,620 representing life insurance purchased for Mr. Graziano's benefit.
- (6) Includes \$8,406 for personal usage of Company owned automobile (as calculated in accordance with Internal Revenue Service guidelines and included as compensation on the W-2), \$15,554 in matching contributions made by us to Mr. Graziano's tax-qualified 401(k) Savings Plan account and \$10,620 representing life insurance purchased for Mr. Graziano's benefit.
- (7) Includes \$5,211 for personal usage of Company owned automobile (as calculated in accordance with Internal Revenue Service guidelines and included as compensation on the W-2), \$12,025 in matching contributions made by us to Mr. Graziano's tax-qualified 401(k) Savings Plan account and \$10,620 representing life insurance purchased for Mr. Graziano's benefit.
- (8) Mr. McNaughton was appointed Chief Financial Officer on November 14, 2008.
- (9) Amount represents matching contributions made by us to Mr. McNaughton's tax-qualified 401(k) Savings Plan account.
- (10) Includes \$9,405 for personal usage of Company owned automobile (as calculated in accordance with Internal Revenue Service guidelines and included as compensation on the W-2), \$15,324 in matching contributions made

**Table of Contents**

- by us to Mr. Green's tax-qualified 401(k) Savings Plan account and \$540 representing life insurance purchased for Mr. Green's benefit.
- (11) Includes \$9,548 for personal usage of Company owned automobile (as calculated in accordance with Internal Revenue Service guidelines and included as compensation on the W-2), \$14,510 in matching contributions made by us to Mr. Green's tax qualified 401(k) Savings Plan account and \$540 representing life insurance purchased for Mr. Green's benefit.
  - (12) Includes \$9,548 for personal usage of Company owned automobile (as calculated in accordance with Internal Revenue Service guidelines and included as compensation on the W-2), \$11,324 in matching contributions made by us to Mr. Green's tax qualified 401(k) Savings Plan account and \$540 representing life insurance purchased for Mr. Green's benefit.
  - (13) Amount represents matching contributions made by us to Ms. Luscinski's tax-qualified 401(k) Savings Plan account.

**Table of Contents****GRANTS OF PLAN-BASED AWARDS 2010**

The following table sets forth certain information concerning the individual grant of RSU s to the named executive officers who received such grants during the fiscal year ended December 31, 2010. The RSU s identified in the table below are also reported in the Outstanding Equity Awards at Fiscal Year-End 2010 Table on page 22.

Name	Grant Date	Number of Securities Underlying Restricted Stock	Exercise or Base Price of Restricted Stock	Grant Date Fair Value of Restricted Stock
		Units (#) (1)	Units (\$)	Units (\$ (2)
<i>Chane Graziano (1)</i>	6/4/2010	133,600	\$	\$ 482,296
<i>Thomas McNaughton (1)</i>	6/4/2010	66,800	\$	\$ 241,148
<i>David Green (1)</i>	6/4/2010	133,600	\$	\$ 482,296
<i>Susan M. Luscinski (1)</i>	6/4/2010	66,800	\$	\$ 241,148

- (1) The RSU s vest in four equal annual installments on January 1 each year commencing on January 1, 2011. The vesting of all RSUs is subject to the executive s continued employment.
- (2) The fair value of the RSU s are based on the market price of our common stock on the date of the grant multiplied by the total number of the RSU s granted to each of the named executive officers of the Company.

***Discussion of Summary Compensation and Grants of Plan-Based Awards Tables***

Our executive compensation policies and practices, pursuant to which the compensation set forth in the Summary Compensation Table and the Grants of Plan Based Awards Table was paid or awarded, are described above under Compensation Discussion and Analysis. A summary of certain material terms of our compensation plans and arrangements is set forth below. The terms of employment agreements that we have entered into with our executives are described below under Potential Payments Upon Termination or Change-in-Control.

***Annual Cash Incentive Bonuses***

In 2010, we did not adopt a formal 2010 Corporate Bonus Plan. For 2010, as described above under Compensation Discussion and Analysis Annual Cash Incentive Bonuses, the Compensation Committee used its discretion to grant annual bonuses to our named executive officers. As not issued under a Non-Equity Plan, these bonuses are not reflected in the Grants of Plan-Based Awards Table. These bonuses are reported as Bonus in the Summary Compensation Table.

***2010 Restricted Stock Unit Grants***

In 2010, we granted RSU s to the named executive officers under our Second Amended and Restated 2000 Stock Option and Incentive Plan, as described in the tables above. These RSU s vest in four equal installments starting January 1, 2011, subject to continued employment with the Company. An RSU is a grant representing the right to receive a share of common stock upon vesting of the RSU and satisfaction of other conditions but for which no share of common stock is issued until the RSU vests and any other applicable conditions are satisfied. A holder of an RSU does not have any rights of a stockholder until the RSU vests and is converted to common stock. The fair value of RSUs are based on the market price of our common stock on the date of grant. Unvested RSUs are forfeited in the event of termination of employment or engagement with the Company. Vesting of these RSU s is also subject to acceleration in connection with a change-in-control as described in Potential Payments Upon Termination or Change-in-Control below.



**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2010**

The following table sets forth information concerning the number and value of exercisable and unexercisable options to purchase common stock, and the number of RSUs held by the named executive officers as of December 31, 2010.

	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards			Restricted Stock Units Number of Securities Underlying Restricted Stock Units
		Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	
<i>Chane Graziano</i>	100,000	300,000(1)	\$ 3.18	5/21/2019	133,600(5)
	150,000	150,000(2)	\$ 1.99	12/4/2018	
	225,000	75,000(3)	\$ 5.57	5/1/2017	
	300,000		\$ 4.28	8/9/2016	
	125,000		\$ 2.98	5/25/2015	
	125,000		\$ 4.01	8/4/2014	
	200,000		\$ 8.79	3/25/2014	
	200,000		\$ 3.48	4/8/2013	
	200,000		\$ 7.92	1/17/2012	
	1,625,000	525,000			133,600
<i>Thomas McNaughton</i>	50,000	150,000(1)	\$ 3.18	5/21/2019	66,800(5)
	50,000	50,000(4)	\$ 2.82	11/14/2018	
	100,000	200,000			
<i>David Green</i>	100,000	300,000(1)	\$ 3.18	5/21/2019	133,600(5)
	100,000	100,000(2)	\$ 1.99	12/4/2018	
	150,000	50,000(3)	\$ 5.57	5/1/2017	
	200,000		\$ 4.28	8/9/2016	
	125,000		\$ 2.98	5/25/2015	
	200,000		\$ 7.99	3/25/2014	
	200,000		\$ 3.16	4/8/2013	
	200,000		\$ 7.92	1/17/2012	
	1,275,000	450,000			133,600
<i>Susan M. Luscinski</i>	50,000	150,000(1)	\$ 3.18	5/21/2019	66,800(5)
	50,000	50,000(2)	\$ 1.99	12/4/2018	
	75,000	25,000(3)	\$ 5.57	5/1/2017	
	100,000		\$ 4.28	8/9/2016	
	50,000		\$ 2.98	5/25/2015	
	100,000		\$ 7.99	3/25/2014	
	100,000		\$ 3.16	4/8/2013	
	100,000		\$ 7.92	1/17/2012	
	625,000	225,000			66,800

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- (1) The option was granted on May 21, 2009 and, assuming continued employment with the Company, the unvested shares become exercisable in equal installments on January 1 of each of 2011, 2012 and 2013.
- (2) The option was granted on December 4, 2008 and, assuming continued employment with the Company, the unvested shares become exercisable on January 1 of each of 2011 and 2012.
- (3) The option was granted on May 1, 2007 and, assuming continued employment with the Company, the unvested shares become exercisable on January 1, 2011.
- (4) The option was granted on November 14, 2008 and, assuming continued employment with the Company, the unvested shares become exercisable in equal installments on September 16 of each of 2011 and 2012.

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**Table of Contents**

(5) On June 4, 2010, we granted RSU s to the named executive officers under our Second Amended and Restated 2000 Stock Option and Incentive Plan. Assuming continued employment with the Company, these RSU s vest in four equal installments on January 1 of each of 2011, 2012, 2013 and 2014.

**OPTION EXERCISES AND STOCK VESTED 2010:** There were no options exercised by, or RSU s that vested for, our named executive officers during the fiscal year ended December 31, 2010.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL**

In December 2008, we entered into amended and restated employment agreements with each of Messrs. Graziano and Green and Ms. Luscinski primarily to comply with the rules concerning deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended. In November 2008, we entered into an employment agreement with Mr. McNaughton.

The amended and restated agreements with Messrs. Graziano and Green are initially for a period of two years; however, the agreements automatically extend for two additional years on each second anniversary date unless either party has given notice that it does not wish to extend the agreement. The current terms of these agreements will expire in December 2012, unless extended automatically or otherwise. Each agreement provides for the payment of base salary and incentive compensation and for the provision of certain other benefits to the executive officer. Under their respective amended and restated employment agreements, the initial annual salary for Mr. Graziano was \$535,500 and the initial annual salary for Mr. Green was \$441,000. These salary amounts were increased by the Compensation Committee to \$584,500 and \$490,000, respectively, for fiscal 2010 and are subject to review annually by the Compensation Committee. The agreements require these executives to refrain from competing with us and from soliciting Company employees for a period of 12 months following termination for any reason. Each agreement also provides for certain payments and benefits for the executive (1) upon a change-in-control followed within 18 months by termination of the executive s employment by us without cause or by the executive for good reason or (2) if the executive s employment with the Company is terminated because of death or disability, by the executive for good reason or by us without cause.

The events constituting cause, good reason and a change-in-control are specified in each agreement. In general, in the case of a termination by the executive for good reason, or by us without cause, the executive will receive: (1) a cash severance payment, payable in a lump sum within 30 days of termination, equal to two times the sum of (A) his average annual base salary for the three preceding fiscal years or, if higher, his base salary for the prior fiscal year and (B) his average annual incentive cash compensation for the three preceding fiscal years or, if higher, his annual incentive cash compensation for the prior fiscal year, (2) health insurance coverage for one year and (3) an acceleration of vesting for stock options and stock-based awards which otherwise would vest during the next 24 months. In the event that such a termination occurs within 18 months following a change-in-control of the Company, then, in lieu of the cash severance payment described in the foregoing sentence, the executive will receive a cash severance payment, in a lump sum upon termination, equal to three times the sum of (A) his current annual base salary and (B) his annual incentive cash compensation for the most recent fiscal year. Additionally, the vesting for all outstanding stock options and other stock-based awards will fully accelerate and the executive will receive health insurance coverage for one year. The executive s receipt of payment and benefits in connection with such a termination by the executive for good reason or by us without cause is subject to the executive signing a general release of claims, as provided in the agreement.

In the case of termination by reason of the executive s death or disability, the executive or, in the event of his death, his spouse and dependents will receive health insurance coverage for one year, and the vesting for all of executive s outstanding stock options will fully accelerate. Each employment agreement also provides that if any payment under the agreement, including compensation triggered by a change-in-control, constitutes a parachute payment under the Internal Revenue Code, such that an excise tax is imposed, the executive is generally entitled to receive a gross-up payment equal to the amount of such excise tax owed (including any

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**Table of Contents**

penalties and interest for underpayments) plus the amount necessary to put the executive in the same after-tax position as if no excise tax had been imposed.

The amended and restated agreement with Ms. Luscinski and the agreement with Mr. McNaughton are initially for a period of one year; however the agreements automatically extend for an additional year on each anniversary date unless either party has given notice, not less than 90 days prior to such date, that such party does not wish to extend the agreement. The current terms of these agreements will expire in December 2011 for Ms. Luscinski and Mr. McNaughton, unless extended automatically or otherwise. Each agreement provides for the payment of base salary and incentive compensation and for the provision of certain other benefits to the executive. Under their respective employment agreements, the initial annual salary for Ms. Luscinski was \$275,625 and the initial salary for Mr. McNaughton was \$235,000. These salary amounts were increased by the Compensation Committee to \$300,000 and \$275,000, respectively, for 2010 and are subject to review annually by the Compensation Committee. The agreements require the executive officers to refrain from competing with us and from soliciting Company employees for a period of 12 months following termination for any reason. Each agreement also provides for certain payments and benefits for the executive (1) upon a change-in-control followed within 18 months by termination of the executive's employment by us without cause or by the executive for good reason or (2) if the executive's employment with us is terminated because of death or disability, by the executive for good reason or by us without cause. The events constituting cause, good reason and a change-in-control are specified in each agreement. The payments and benefits under the agreement with Ms. Luscinski and Mr. McNaughton, in each of these circumstances (including the gross-up payment), are the same as those provided for Messrs. Graziano and Green in each of their employment agreements, except that (1) the cash severance payments to be made upon a termination by the executive for good reason, or by the Company without cause, whether before or after a change-in-control, is one times the relevant sum (as opposed to two and three times) and (2) the accelerated vesting for stock options and stock-based awards upon a termination by the executive for good reason, or by us without cause, is 12 months (as opposed to 24 months).

The amended and restated employment agreements with Messrs. Graziano and Green and Ms. Luscinski and the employment agreement with Mr. McNaughton require a six month and one day delay to the payment of any severance to the executives under the agreements to the extent required by Section 409A of the Internal Revenue Code, as amended, to avoid the imposition of a 20% excise tax on any such payment.

Under our Second Amended and Restated 2000 Stock Option and Incentive Plan, the stock options and RSUs that we awarded to Messrs. Graziano, Green and McNaughton and Ms. Luscinski after August 9, 2006 include a term providing for the full acceleration of the unvested portion of such options upon a change-in-control of the Company. Additionally, all of the stock options awarded to Messrs. Graziano and Green and Ms. Luscinski prior to August 9, 2006 that were not fully vested as of December 31, 2010 included a term providing for the full acceleration of the unvested portion of such options in the event that the executive's employment is terminated by us without cause or by the executive for good reason within 24 months after certain changes-in-control of the Company. The events constituting cause, good reason and a change-in-control are specified in the stock option and RSU agreements.

The following tables reflect the estimated amount of payments and benefits that would have been provided by us to each of the named executive officers upon the termination of such executive's employment with us as of December 31, 2010 in each of the following circumstances: termination by us without cause, termination by the executive for good reason, termination upon death, termination by us upon disability and termination by us without cause or by the executive for good reason following a change-in-control. The tables also reflect the estimated amount of payments and benefits that would have been provided by us to each of the named executive officers upon a change-in-control of the Company occurring as of December 31, 2010. The types of events constituting cause, good reason, disability and a change-in-control may differ in some respects among the different arrangements providing for benefits to the named executive officers; however, for consistency in presentation, the tables below have grouped these arrangements together based on these concepts without regard for any such differences.

**Table of Contents**

The amounts described in the tables above do not include payments and benefits to the extent they have been earned prior to the termination of employment or change-in-control or are provided on a non-discriminatory basis to salaried employees upon termination of employment. These include:

Accrued salary, bonus and vacation pay;

Distribution of plan balances under our 401(k) plan;

Life insurance proceeds in the event of death; and

Disability insurance payouts in the event of disability.

*Chane Graziano*

The following table shows the estimated payments upon termination or a change-in-control of the Company for Chane Graziano, our Chairman and Chief Executive Officer.

<b>Executive Benefits and Payments Upon Separation</b>	<b>Termination Without Cause or For Good Reason</b>	<b>Termination Upon Death</b>	<b>Termination Upon Disability</b>	<b>Termination After Change-in-Control (1)</b>	<b>Change-in-Control</b>
Cash Severance	\$ 1,211,049	\$	\$	\$ 2,413,500	\$
Vesting of Stock Options (2)	493,500	583,500	583,500	583,500	583,500
Vesting of Restricted Stock Units (3)	272,544	545,088	545,088	545,088	545,088
Health Care Benefits (4)	7,761	3,813	7,761	7,761	
Tax Gross-up				1,001,824	
<b>Total</b>	<b>\$ 1,984,854</b>	<b>\$ 1,132,401</b>	<b>\$ 1,136,349</b>	<b>\$ 4,551,673</b>	<b>\$ 1,128,588</b>

- (1) This column assumes a change-in-control occurs on December 31, 2010 followed immediately thereafter by a termination of the executive's employment on the same date by us without cause or by the executive for good reason.
- (2) Based on the difference between the exercise price of unvested stock options that accelerate upon the relevant event and the closing price of our common stock on the Nasdaq Global Market on December 31, 2010, which was \$4.08.
- (3) Based on the unvested RSU's that accelerate upon the relevant event multiplied by the closing price of our common stock on the Nasdaq Global Market on December 31, 2010, which was \$4.08.
- (4) Reflects the amount of future premiums, which would be paid on behalf of the named executive officer under our health and dental plans, based on the premiums in effect as of December 31, 2010.

*Thomas McNaughton*

The following table shows the estimated payments upon termination or a change-in-control of the Company for Thomas McNaughton, our Chief Financial Officer.

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<b>Executive Benefits and Payments Upon Separation</b>	<b>Termination Without Cause or For Good Reason</b>	<b>Termination Upon Death</b>	<b>Termination Upon Disability</b>	<b>Termination After Change-in- Control (1)</b>	<b>Change-in- Control</b>
Cash Severance	\$ 291,000	\$	\$	\$ 375,000	\$
Vesting of Stock Options (2)	76,500	198,000	198,000	198,000	198,000
Vesting of Restricted Stock Units (3)	136,272	272,544	272,544	272,544	272,544
Health Care Benefits (4)	11,672	11,672	11,672	11,672	
Tax Gross-up					
Total	\$ 515,444	\$ 482,216	\$ 482,216	\$ 857,216	\$ 470,544

**Table of Contents**

- (1) This column assumes a change-in-control occurs on December 31, 2010 followed immediately thereafter by a termination of the executive's employment on the same date by us without cause or by the executive for good reason.
- (2) Based on the difference between the exercise price of unvested stock options that accelerate upon the relevant event and the closing price of our common stock on the Nasdaq Global Market on December 31, 2009, which was \$4.08.
- (3) Based on the unvested RSU's that accelerate upon the relevant event multiplied by the closing price of our common stock on the Nasdaq Global Market on December 31, 2010, which was \$4.08.
- (4) Reflects the amount of future premiums, which would be paid on behalf of the named executive officer under our health and dental plans, based on the premiums in effect as of December 31, 2010.

*David Green*

The following table shows the estimated payments upon termination or a change-in-control of the Company for David Green, our President.

<b>Executive Benefits and Payments Upon Separation</b>	<b>Termination Without Cause or For Good Reason</b>	<b>Termination Upon Death</b>	<b>Termination Upon Disability</b>	<b>Termination After Change-in-Control (1)</b>	<b>Change-in-Control</b>
Cash Severance	\$ 1,003,978	\$	\$	\$ 2,220,000	\$
Vesting of Stock Options (2)	389,000	479,000	479,000	479,000	479,000
Vesting of Restricted Stock Units (3)	272,544	545,088	545,088	545,088	545,088
Health Care Benefits (4)	11,680	11,680	11,680	11,680	
Tax Gross-up				957,354	
<b>Total</b>	<b>\$ 1,677,202</b>	<b>\$ 1,035,768</b>	<b>\$ 1,035,768</b>	<b>\$ 4,213,122</b>	<b>\$ 1,024,088</b>

- (1) This column assumes a change-in-control occurs on December 31, 2010 followed immediately thereafter by a termination of the executive's employment on the same date by us without cause or by the executive for good reason.
- (2) Based on the difference between the exercise price of unvested stock options that accelerate upon the relevant event and the closing price of our common stock on the Nasdaq Global Market on December 31, 2010, which was \$4.08.
- (3) Based on the unvested RSU's that accelerate upon the relevant event multiplied by the closing price of our common stock on the Nasdaq Global Market on December 31, 2010, which was \$4.08.
- (4) Reflects the amount of future premiums, which would be paid on behalf of the named executive officer under our health and dental plans, based on the premiums in effect as of December 31, 2010.

*Susan M. Luscinski*

The following table shows the estimated payments upon termination or a change-in-control of the Company for Susan M. Luscinski, our Chief Operating Officer.

<b>Executive Benefits and Payments Upon Separation</b>	<b>Termination Without Cause or For Good Reason</b>	<b>Termination Upon Death</b>	<b>Termination Upon Disability</b>	<b>Termination After Change-in-Control (1)</b>	<b>Change-in-Control</b>
Cash Severance	\$ 336,614	\$	\$	\$ 350,000	\$
Vesting of Stock Options (2)	97,250	239,500	239,500	239,500	239,500
Vesting of Restricted Stock Units (3)	136,272	272,544	272,544	272,544	272,544
Health Care Benefits (4)	3,813		3,813	3,813	
Tax Gross-up					

Total	\$ 573,949	\$ 512,044	\$ 515,857	\$ 865,857	\$ 512,044
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**Table of Contents**

- (1) This column assumes a change-in-control occurs on December 31, 2010 followed immediately thereafter by a termination of the executive's employment on the same date by us without cause or by the executive for good reason.
- (2) Based on the difference between the exercise price of unvested stock options that accelerate upon the relevant event and the closing price of our common stock on the Nasdaq Global Market on December 31, 2010, which was \$4.08.
- (3) Based on the unvested RSU's that accelerate upon the relevant event multiplied by the closing price of our common stock on the Nasdaq Global Market on December 31, 2010, which was \$4.08.
- (4) Reflects the amount of future premiums, which would be paid on behalf of the named executive officer under our health and dental plans, based on the premiums in effect as of December 31, 2010.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding the beneficial ownership of our outstanding common stock as of April 1, 2011 by: (i) all persons known by the Company to own beneficially more than 5% of our common stock; (ii) each of our Directors and nominees for Director; (iii) each of the named executive officers; and (iv) all of our Directors and executive officers as a group. The number of shares beneficially owned by each stockholder is determined under rules issued by the Securities and Exchange Commission and includes voting or investment power with respect to securities. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power and includes any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days after April 1, 2011 through the exercise of any warrant, stock option or other right. The inclusion in this Proxy Statement of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares. Common stock subject to options currently exercisable, or exercisable within 60 days after April 1, 2011, are deemed outstanding for the purpose of computing the percentage ownership of the person holding those options, but are not deemed outstanding for computing the percentage ownership of any other person.

Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares of common stock, except to the extent spouses share authority under community property laws.

Name and Address of Beneficial Owner (1)	Common Stock Beneficially Owned	
	Shares	Percent (2)
Chane Graziano	5,561,928	18.4%(3)
FMR Corp Edward C. Johnson 3d 82 Devonshire Street Boston, MA 02109	2,295,752	8.1%(4)
David Green	2,859,702	9.6%(5)
F&C Asset Management plc 80 George Street Edinburgh EH2 3BU United Kingdom	1,944,171	6.9%(6)
Central Square Management LLC Kelly Cardwell 27475 Ferry Road Warrenville, IL 60555	1,914,342	6.7%(7)
Susan M. Luscinski	960,151	3.3%(8)
Earl R. Lewis	146,500	*(9)
John F. Kennedy	87,000	*(10)
Thomas McNaughton	160,710	*(11)
Robert Dishman	72,000	*(12)
Neal J. Harte	72,500	*(13)
George Uveges	62,000	*(14)
All Executive Officers and Directors, as a group (9 persons)	9,982,491	30.3%(15)

\* Represents less than 1% of all of the outstanding shares of common stock.

- (1) Unless otherwise indicated, the address for all persons shown is c/o Harvard Bioscience, Inc., 84 October Hill Road, Holliston, Massachusetts 01746.  
(2) Based on 28,376,723 shares outstanding on April 1, 2011, together with the applicable options for each stockholder.

**Table of Contents**

- (3) Includes options to acquire 1,875,000 shares that are exercisable within 60 days of April 1, 2011.
- (4) This information is based solely upon a Schedule 13G/A filed jointly by FMR LLC and Edward C. Johnson 3d with the Securities and Exchange Commission on February 14, 2011 reporting beneficial ownership as of December 31, 2010. FMR LLC reported sole voting power with respect to 2,035,172 shares and each reported sole investment power with respect to 2,295,752 shares. Edward C. Johnson 3d reported beneficial ownership of the shares beneficially owned by FMR LLC as a result of his relationship as Chairman and a stockholder of FMR LLC.
- (5) Includes options to acquire 1,475,000 shares that are exercisable within 60 days of April 1, 2011.
- (6) This information is based solely upon a Schedule 13G/A filed by F&C Asset Management plc. with the Securities and Exchange Commission on February 11, 2011 reporting beneficial ownership as of December 31, 2010. F&C Asset Management plc reported having sole voting and investment power of all shares.
- (7) This information is based solely upon a Schedule 13G/A filed by Central Square Management LLC and Kelly Cardwell with the Securities and Exchange Commission on February 14, 2011 reporting beneficial ownership as of December 31, 2010. Central Square Management LLC ( CSM LLC ) reported that the shares are beneficially owned by certain private investment funds (the Funds ), for which CSM LLC serves as investment manager and for which affiliates of CSM LLC serve as the general partner, and held in a managed account (the Account ) for which CSM LLC acts as investment manager. Mr. Cardwell serves as the managing member of CSM LLC, as well as the managing member of each of the general partners of the Funds. Each of CSM LLC and Mr. Cardwell have disclaimed beneficial ownership of such shares except to the extent of its or his pecuniary interest therein.
- (8) Includes options to acquire 725,000 shares that are exercisable within 60 days of April 1, 2011.
- (9) Includes options to acquire 76,500 shares that are exercisable within 60 days of April 1, 2011.
- (10) Includes options to acquire 82,000 shares that are exercisable within 60 days of April 1, 2011.
- (11) Includes options to acquire 150,000 shares that are exercisable within 60 days of April 1, 2011.
- (12) Includes options to acquire 72,000 shares that are exercisable within 60 days of April 1, 2011.
- (13) Includes options to acquire 69,500 shares that are exercisable within 60 days of April 1, 2011.
- (14) Includes options to acquire 52,000 shares that are exercisable within 60 days of April 1, 2011.
- (15) Includes options to acquire 4,577,000 shares that are exercisable within 60 days of April 1, 2011.

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information as of December 31, 2010 concerning the number of shares of common stock issuable under our existing equity compensation plans.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Restricted Stock Units Warrants and Rights (a)</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants, And Rights (b)</b>	<b>Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected In Column (a)) (c)</b>
Equity compensation plans approved by security holders (1)	8,293,800(2)	\$ 4.38(3)	235,804(4)
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>8,293,800</b>	<b>\$ 4.38</b>	<b>235,804</b>

- (1) Consists of the Harvard Apparatus, Inc. 1996 Stock Option and Grant Plan (the 1996 Stock Plan ); the 2000 Plan and the Harvard Bioscience, Inc. Employee Stock Purchase Plan (the Stock Purchase Plan ).
- (2) Includes 7,826,200 stock options and 467,600 restricted stock units issued under the 2000 Plan.
- (3) Represents the weighted average exercise price of stock options outstanding under the 2000 Plan.
- (4) Represents 96,779 shares available for future issuance under the 2000 Plan and 139,025 shares available for future issuance under the Stock Purchase Plan.

**TRANSACTIONS WITH RELATED PERSONS**

The Audit Committee charter sets forth the standards, policies and procedures that we follow for the review, approval or ratification of any related person transaction that we are required to report pursuant to Item 404(a) of Regulation S-K promulgated by the Securities and Exchange Commission. Under the Audit Committee charter, which is in writing, the Audit Committee must conduct an appropriate review of these related person transactions on an ongoing basis, and the approval of the Audit Committee is required for all such transactions. The Audit Committee relies on management to identify related person transactions and bring them to the attention of the Audit Committee. We do not have any formal policies and procedures regarding the identification by management of related person transactions.

During the 2010 fiscal year, we were not a participant in any related person transactions that required disclosure under this heading.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Our executive officers, directors and beneficial owners of more than 10% of our common stock are required under Section 16(a) of the Securities Exchange Act of 1934 to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Copies of those reports must also be furnished to the Company.

Based solely on a review of the copies of the reports furnished to the Company, and written representations from certain reporting persons that no other reports were required, we believe that during the year ended December 31, 2010, the reporting persons complied on a timely basis with all Section 16(a) filing requirements applicable to them.



**Table of Contents**

**EXPENSES OF SOLICITATION**

We will pay the entire expense of soliciting proxies for the Annual Meeting. In addition to solicitations by mail, certain directors, officers and employees of the Company (who will receive no compensation for their services other than their regular compensation) may solicit proxies by telephone, telegram, personal interview, facsimile, e-mail or other means of electronic communication. Banks, brokerage houses, custodians, nominees and other fiduciaries have been requested to forward proxy materials to the beneficial owners of shares of common stock held of record by them as of the Record Date, and such custodians will be reimbursed for their expenses.

**SUBMISSION OF STOCKHOLDER PROPOSALS FOR THE 2012 ANNUAL MEETING**

Stockholder proposals intended to be presented at our 2012 annual meeting of stockholders must be received by us on or before December 16, 2011 in order to be considered for inclusion in our proxy statement and form of proxy for that meeting. These proposals must also comply with the rules of the Securities and Exchange Commission governing the form and content of proposals in order to be included in our proxy statement and form of proxy and should be mailed to: Secretary, Harvard Bioscience, Inc., 84 October Hill Road, Holliston, Massachusetts 01746.

Our By-laws provide that any stockholder of record wishing to have a stockholder proposal that is not included in our proxy statement considered at an annual meeting must provide written notice of such proposal and appropriate supporting documentation, as set forth in the By-laws, to our Secretary at our principal executive office not less than 90 days or not more than 120 days prior to the first anniversary of the date of the preceding year's annual meeting. In the event, however, that the annual meeting is scheduled to be held more than 30 days before such anniversary date or more than 60 days after such anniversary date, notice must be delivered not earlier than 120 days prior to the date of such meeting and not later than the later of (i) 10 days following the date of public announcement of the date of such meeting or (ii) 90 days prior to the date of such meeting. Proxies solicited by the Board of Directors will confer discretionary voting authority on the proxy holders with respect to these proposals, subject to rules of the Securities and Exchange Commission governing the exercise of this authority.

**SUBMISSION OF SECURITYHOLDER RECOMMENDATIONS FOR DIRECTOR CANDIDATES**

All securityholder recommendations for director candidates must be submitted in writing to the Chief Financial Officer of the Company at 84 October Hill Road, Holliston, Massachusetts 01746, who will forward all recommendations to the Governance Committee. All securityholder recommendations for Director candidates must be submitted to us not less than 120 calendar days prior to the anniversary of the date on which our proxy statement was released to securityholders in connection with the previous year's annual meeting. All securityholder recommendations for Director candidates must include:

the name and address of record of the securityholder,

a representation that the securityholder is a record holder of our securities, or if the securityholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Securities Exchange Act of 1934,

the name, age, business and residential address, educational background, public company directorships, current principal occupation or employment, and principal occupation or employment for the preceding five full fiscal years of the proposed Director candidate,

a description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications and other criteria for Board membership approved by the Board of Directors and set forth in the Governance Committee Charter,

**Table of Contents**

a description of all arrangements or understandings between the securityholder and the proposed Director candidate,

the consent of the proposed Director candidate to be named in the proxy statement, to have all required information regarding such Director candidate included in the proxy statement, and to serve as a Director if elected, and

any other information regarding the proposed Director candidate that is required to be included in a proxy statement filed pursuant to the rules of the Securities and Exchange Commission.

**STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

Stockholders wishing to communicate with the Board of Directors may do so by sending a written communication to any Director at the following address: Harvard Bioscience, Inc., 84 October Hill Road, Holliston, Massachusetts 01746. The mailing envelope should contain a notation indicating that the enclosed letter is a Stockholder-Board Communication. All such letters should clearly state whether the intended recipients are all members of the Board of Directors or certain specified individual Directors. The Secretary of the Company or his designee will make a copy of any stockholder communication so received and promptly forward it to the Director or Directors to whom it is addressed.

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Fees for professional services provided by KPMG LLP, our independent registered public accounting firm, in each of the last two fiscal years, in each of the following categories are as set forth in the table below.

	<b>2010</b>	<b>2009</b>
Audit Fees (1)	\$ 906,500	\$ 925,900
Tax Fees (2)	205,800	97,900
All Other Fees	2,700	
Total Fees	\$ 1,115,000	\$ 1,023,800

(1) Audit Fees included fees associated with the annual audit of our consolidated financial statements and internal controls over financial reporting, the reviews of our quarterly reports on Form 10-Q and statutory audits for certain international subsidiaries.

(2) Tax Fees included domestic and international tax compliance, tax advice, tax planning and transfer pricing study.

All of the services performed in the year ended December 31, 2010 were pre-approved by the Audit Committee. It is the Audit Committee's policy to pre-approve all audit and permitted non-audit services to be provided to us by the independent registered public accounting firm. The Audit Committee's authority to pre-approve non-audit services may be delegated to one or more members of the Audit Committee, who shall present all decisions to pre-approve an activity to the full Audit Committee at its first meeting following such decision. The Audit Committee has delegated this pre-approval authority to its Chairman (currently George Uveges) for non-audit services with aggregate fees of \$30,000 or less. In addition, the Audit Committee has considered whether the provision of the non-audit services above is compatible with maintaining the independent registered public accounting firm's independence.

**Table of Contents**

**PROPOSAL 2:**

**APPROVAL OF THIRD AMENDED AND RESTATED**

**2000 STOCK OPTION AND INCENTIVE PLAN**

We are proposing that our stockholders approve the amendment and restatement of the Harvard Bioscience, Inc. Second Amended and Restated 2000 Stock Option and Incentive Plan (the 2000 Plan and, as amended and restated, the Amended 2000 Plan ) to, among other things, increase by 3,700,000 shares the number of shares of Common Stock available for issuance under the Amended 2000 Plan from 9,367,675 shares to 13,067,675 shares. The Amended 2000 Plan is designed to attract, motivate and retain employees, directors and consultants of the Company and to further the growth and financial success of the Company by aligning the interests of such persons through ownership with the interests of our stockholders.

The 2000 Plan currently authorizes the grant of stock options and other stock-based awards to officers, employees, non-employee directors and other key persons of the Company and its subsidiaries. Currently, 9,367,675 shares of Common Stock are reserved for issuance pursuant to awards granted under the 2000 Plan. As of March 31, 2011, 118,781 shares remained available for grant under the 2000 Plan. On April 13, 2011, the Board of Directors approved the Amended 2000 Plan, subject to stockholder approval. The Amended 2000 Plan makes the following changes, among others, to the 2000 Plan:

increase the aggregate number of shares authorized for issuance under the 2000 Plan by 3,700,000 shares to 13,067,675 shares of Common Stock;

replace the current limitation that no more than 3,750,000 shares of restricted stock awards, unrestricted stock awards, performance share awards may be issued under our 2000 Plan with a fungible share provision deducting from shares available for grant under our 2000 Plan 1.79 shares for each share that underlies an award granted under our 2000 Plan for deferred stock awards of restricted stock units, restricted stock awards, unrestricted stock awards, performance share awards or other awards under our 2000 Plan for which the full value of such share is transferred by us to the award recipient; and

make other clarifying and updating changes.

Our Board of Directors believes that the proposed Amended 2000 Plan is in the best interests of, and will provide long-term advantages to, us and our stockholders and recommends its approval by our stockholders. Our board of directors believes that the number of shares of common stock currently available for issuance under our 2000 Plan is insufficient in view of our compensation structure and strategy. Our Board of Directors has concluded that our ability to attract, retain and motivate top quality employees and non-employee members of our Board of Directors is material to our success and would be enhanced by our continued ability to make grants under our 2000 Plan.

Many companies have begun using full-value awards such as restricted stock and restricted stock units to a greater extent in order to retain and attract valuable employees. Because such awards are typically issued in lesser numbers than stock options, they can result in less overall dilution from equity compensation awards than stock options. In some cases, issuing lower numbers of full-value awards can also decrease the amount of equity compensation expense companies recognize for financial accounting purposes. In order for us to have greater flexibility to use full-value awards, and to allow us to remain competitive in structuring our equity compensation packages, our Board of Directors believes that is in the best interests of us and our stockholders that we amend the 2000 Plan to replace the fixed 3,750,000 share limit on full-value awards with a fungible share provision, pursuant to which each full-value award issued under the Amended 2000 Plan will result in a reduction of 1.79 shares from the shares then available for grant under the Amended 2000 Plan.

Accordingly, we are seeking stockholder approval of the Amended 2000 Plan. In the event that the Amended 2000 Plan is not approved by stockholders, the 2000 Plan will continue in effect without the amendments described above.



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## **Table of Contents**

Based solely on the closing price of our common stock as reported on the NASDAQ Global Market on March 31, 2011, the maximum aggregate market value of the 3,700,000 additional shares that could potentially be issued under the Amended 2000 Plan is approximately \$21.0 million. Such calculation assumes that all the 3,700,000 additional shares were issued as options or other non-full value awards. Based on the fungible share provision in the Amended 2000 Plan, if all 3,700,000 additional shares were allocated to full value awards (which would result in the lesser amount of 2,067,039 shares being issued), the maximum aggregate market value of the 3,700,000 additional shares based on such closing price is approximately \$11.7 million. The shares issued by us under the Amended 2000 Plan will be authorized but unissued shares.

As of March 31, 2011: (i) 118,781 shares of our common stock remained available for future awards under our 2000 Plan; (ii) 350,700 shares of our common stock were subject to unvested deferred stock awards of restricted stock units under our 2000 Plan; and (iii) 7,804,200 shares of our common stock were subject to outstanding options under our 2000 Plan (with the outstanding options having a weighted average exercise price of \$4.38 per share and a weighted average term to maturity of 5.69 years). During fiscal 2010, our Board of Directors approved the grant of 467,600 shares of restricted stock and restricted stock units and options to purchase 674,100 shares of common stock under our 2000 Plan.

A summary of the material terms of the Amended 2000 Plan, reflecting these changes, is included below. Additionally, a copy of the Amended 2000 Plan is attached as Appendix A to this Proxy Statement and incorporated herein by reference.

### **Vote Required**

The amendment to the 2000 Plan will be approved upon the affirmative vote of a majority of the votes properly cast for and against such matter. Abstentions and broker non-votes are not included in the number of votes cast for and against a matter and therefore have no effect on the vote on such matter.

**THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO APPROVE THE AMENDED 2000 PLAN. PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED FOR THE APPROVAL OF THE AMENDED 2000 PLAN UNLESS INSTRUCTIONS TO THE CONTRARY ARE GIVEN.**

### **Summary of the Amended 2000 Plan**

The following description of certain features of the Amended 2000 Plan is intended to be a summary only. The summary is qualified in its entirety by the full text of the Amended 2000 Plan that is attached hereto as Appendix A.

*Shares Available.* The maximum number of shares authorized for issuance under the Amended 2000 Plan is 13,067,675 shares of common stock, which is an increase of 3,700,000 shares from the number of shares currently authorized for issuance under the 2000 Plan. The shares underlying any awards that are forfeited, canceled or are otherwise terminated (other than by exercise) under the Amended 2000 Plan will be added back to the shares authorized for issuance under the Amended 2000 Plan, provided that each share underlying a full-value award issued on or after May 25, 2011 that is surrendered or forfeited will count as 1.79 shares available for subsequent issuance under our Amended 2000 Plan. Shares tendered or held back upon exercise of an option or settlement of an award to cover the exercise price or tax withholding are not available for future issuance under the Amended 2000 Plan. In addition, upon exercise of stock appreciation rights, the gross number of shares exercised shall be deducted from the total number of shares remaining available for issuance under the Amended 2000 Plan.

As described above, if the proposed Amended 2000 Plan is approved by our stockholders at the Annual Meeting, the share reserve under the Amended 2000 Plan would be reduced by 1.79 shares for each share that underlies an award granted under our Amended 2000 Plan on or after the date on which such plan is approved by

## **Table of Contents**

our stockholders for deferred stock awards of restricted stock units, restricted stock awards, unrestricted stock awards, performance share awards or other awards under our Amended 2000 Plan for which the full value of such share is transferred by us to the award recipient.

*Types of Awards.* The Amended 2000 Plan permits us to make grants of incentive stock options, non-qualified stock options, stock appreciation rights, deferred stock awards, restricted stock awards, unrestricted stock awards, performance share awards, cash-based awards and dividend equivalent rights.

*Plan Administration.* The Amended 2000 Plan will be administered by the Compensation Committee of the board of directors. The administrator of the Amended 2000 Plan has full power and authority to select the participants to whom awards will be granted, to make any combination of awards to participants, to accelerate the exercisability or vesting of any award, subject to limitations, and to determine the specific terms and conditions of each award, subject to the provisions of the Amended 2000 Plan. The administrator may delegate to the Chief Executive Officer the authority to grant awards to employees, other than our executive officers, provided that the administrator includes a limitation as to the number of shares that may be awarded and provides specific guidelines regarding such awards.

*Eligibility and Limitations on Grants.* All full-time and part-time officers, employees, non-employee directors and other key persons are eligible to participate in the Amended 2000 Plan, subject to the discretion of the administrator. Approximately, 127 individuals are currently eligible to participate in the Amended 2000 Plan.

*Performance-Based Compensation.* To ensure that certain awards granted under the Amended 2000 Plan, including awards of restricted stock, deferred stock, cash-based awards or performance shares to a Covered Employee (as defined in the Code) qualify as performance-based compensation under Section 162(m) of the Code, the Amended 2000 Plan provides that the Compensation Committee may require that the vesting of such awards be conditioned on the satisfaction of performance criteria including: (1) return on equity, assets, capital or investment; (2) pre-tax or after-tax profit levels; (3) cash flow, funds from operations or similar measure; (4) total shareholder return; (5) changes in the market price of the Stock; (6) revenues, sales or market share; (7) net income (loss) or earnings per share; (8) expense margins or operating efficiency (including budgeted spending limits) or (9) project development milestones, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group and, for financial measures, may be based on numbers calculated in accordance with U.S. generally accepted accounting principles or on an as adjusted basis. These performance criteria may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Compensation Committee will select the particular performance criteria within 90 days following the commencement of a performance cycle, and each performance cycle must be at least three months long. Subject to adjustments for stock splits and similar events, the maximum award of restricted stock or deferred stock or performance shares (or combination thereof) granted to any one individual that is intended to qualify as performance-based compensation under Section 162(m) of the Code will not exceed 1,000,000 shares, or \$2,000,000 in the case of a performance-based award that is a cash-based award for any performance cycle, and options or stock appreciation rights with respect to no more than 1,000,000 shares may be granted to any one individual during any calendar year period.

*Stock Options.* The exercise price of stock options awarded under the Amended 2000 Plan may not be less than the fair market value of the common stock on the date of the option grant. The term of each stock option may not exceed 10 years from the date of grant. The administrator will determine at what time or times each option may be exercised and, subject to the provisions of the Amended 2000 Plan, the period of time, if any, after retirement, death, disability or termination of employment during which options may be exercised.

To qualify as incentive stock options, stock options must meet additional federal tax requirements, including a \$100,000 limit on the value of shares subject to incentive stock options which first become exercisable in any one calendar year, and a shorter term and higher minimum exercise price in the case of certain large stockholders.

## **Table of Contents**

*Automatic Grants to Non-Employee Directors.* The Amended 2000 Plan provides for the automatic grant of a non-qualified stock option to purchase 25,000 shares of common stock to non-employee directors on the fifth day after being initially elected to the Board. The exercise price of the automatically granted stock options is equal to 100% of the fair market value of the common stock on the date of grant and, unless otherwise provided by the administrator, one-third of any such stock option grant becomes exercisable on each of the first through third anniversaries of the date of grant. The automatically granted stock options expire ten years after the date of grant.

*Stock Appreciation Rights.* The administrator may award a stock appreciation right independently of a stock option. The administrator may award stock appreciation rights subject to such conditions and restrictions as the administrator may determine, provided that the exercise price may not be less than the fair market value of the common stock on the date of grant and no stock appreciation right may be exercisable more than 10 years after the date of grant. Additionally, during the participant's lifetime, all stock appreciation rights are exercisable only by the participant or the participant's legal representative.

*Restricted Stock.* The administrator may award shares to participants subject to such conditions and restrictions as the administrator may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with the Company through a specified restricted period. However, in the event these awards to employees have a performance-based goal, the restriction period will be at least one year, and in the event these awards to employees have a time-based restriction, the restriction period will be at least three years.

*Deferred Stock.* The administrator may award phantom stock units to participants subject to such conditions and restrictions as the Administrator may determine. These conditions and restrictions may include the achievement of certain performance goals and/or continued employment with the Company through a specified restricted period. However, in the event these awards to employees have a performance-based goal, the restriction period will be at least one year, and in the event these awards to employees have a time-based restriction, the restriction period will be at least three years. At the end of the deferral period, the participants shall be paid, to the extent vested, in shares.

*Unrestricted Stock.* The administrator may grant shares (at par value or for a purchase price determined by the Administrator) that are free from any restrictions under the Amended 2000 Plan. Unrestricted stock may be issued to participants in recognition of past services or other valid consideration, and may be issued in lieu of cash compensation to be paid to such individuals.

*Performance Shares.* The administrator may grant performance share awards that entitle the recipient to acquire shares of common stock upon the attainment of specified performance goals. The administrator determines the performance goals, performance periods and other terms of any such awards. However, performance share awards to employees will have a restriction period of at least one year.

*Cash-Based Awards.* Each cash-based award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the administrator. Payment, if any, with respect to a cash-based award may be made in cash or in shares of common stock, as the administrator determines.

*Dividend Equivalent Rights.* The administrator may award dividend equivalent rights under the Amended 2000 Plan subject to such conditions and restrictions as the administrator may determine, provided that dividend equivalent rights may only be granted in tandem with restricted stock awards, deferred stock awards, performance share awards or unrestricted stock awards. Dividend equivalents credited to the holder may be paid currently or may be deemed to be reinvested in additional shares of stock, which may thereafter accrue additional equivalents.

*Tax Withholding.* Participants in the Amended 2000 Plan are responsible for the payment of any federal, state or local taxes that we are required by law to withhold upon any option exercise or vesting of other

## **Table of Contents**

awards. Subject to approval by the administrator, participants may elect to have the minimum tax withholding obligations satisfied either by authorizing us to withhold shares to be issued pursuant to an option exercise or other award, or by transferring to us shares having a value equal to the amount of such taxes.

*Change of Control Provisions.* In the event of a merger, sale or dissolution of the Company, or a similar sale event (as defined in the Amended 2000 Plan) and upon a change in control (as defined in the Amended 2000 Plan) all outstanding awards under the Amended 2000 Plan, unless otherwise provided for in a particular award agreement, all stock options and stock appreciation rights will automatically become fully exercisable and all other awards with conditions and restrictions relating solely to the passage of time will become fully vested and non-forfeitable as of the effective time of the sale event or change in control, except as may be otherwise provided in the relevant award agreement. In addition, upon a sale event, all outstanding awards under the Amended 2000 Plan will terminate unless the parties to the transaction, in their discretion, provide for assumption, continuation or appropriate substitutions or adjustments of such awards. In the event of such termination in connection with a sale event, each holder of an option or a stock appreciation right will be permitted to exercise such award for a specified period prior to the consummation of the sale event. The administrator may also provide for a cash payment with respect to outstanding options and stock appreciation rights in exchange for the cancellation of such awards.

*Term.* No awards of incentive stock options may be granted under the Amended 2000 Plan after the 10-year anniversary of the date that the Amended 2000 Plan is approved by the Board of Directors. No other awards may be granted under the Amended 2000 Plan after the 10-year anniversary of the date that the Amended 2000 Plan is approved by stockholders.

*Amendments.* Stockholder approval will be required to amend the Amended 2000 Plan if the administrator determines that this approval is required to ensure that incentive stock options qualify as such under the Code, or that compensation earned under awards qualifies as performance-based compensation under the Code or as required under the applicable securities exchange or market system rules. Otherwise, the Board of Directors may amend or discontinue the Amended 2000 Plan at any time, and the administrator may amend or cancel any outstanding award for the purpose of satisfying changes in law or for any other lawful purpose, provided that no such amendment may adversely affect the rights under any outstanding award without the holder's consent.

*Repricing.* Other than in the event of a necessary adjustment in connection with a change in our stock or a merger or similar transaction, the administrator may not reprice or otherwise reduce the exercise price of outstanding stock options or stock appreciation rights without stockholder approval.

*Effective Date of the Amended 2000 Plan.* On April 13, 2011, the Board of Directors approved the Amended 2000 Plan, subject to stockholder approval. If the Amended 2000 Plan is not approved by the stockholders, the 2000 Plan will continue in effect, and awards may be granted thereunder, in accordance with its terms.

## **Tax Aspects Under the Code**

The following is a summary of the principal federal income tax consequences of certain transactions under the 2000 Plan. It does not describe all federal tax consequences under the 2000 Plan, nor does it describe state or local tax consequences.

*Incentive Options.* No taxable income is generally realized by the optionee upon the grant or exercise of an incentive option. If shares issued to an optionee pursuant to the exercise of an incentive option are sold or transferred after two years from the date of grant and after one year from the date of exercise, then (1) upon sale of such shares, any amount realized in excess of the option price (the amount paid for the shares) will be taxed to the optionee as a long-term capital gain, and any loss sustained will be a long-term capital loss, and (2) there will be no deduction for federal income tax purposes. The exercise of an incentive option will give rise to an item of tax preference that may result in alternative minimum tax liability for the optionee.

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**Table of Contents**

If shares acquired upon the exercise of an incentive option are disposed of prior to the expiration of the two-year and one-year holding periods described above (a disqualifying disposition), generally (a) the optionee will realize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of the shares at exercise (or, if less, the amount realized on a sale of such shares) over the option price thereof, and (b) we will be entitled to deduct such amount. Special rules will apply where all or a portion of the exercise price of the incentive option is paid by tendering shares.

If an incentive option is exercised at a time when it no longer qualifies for the tax treatment described above (e.g., if the holding periods described above are not satisfied), the option is treated as a non-qualified option. In addition, an incentive option will not be eligible for the tax treatment described above if it is exercised more than three months following termination of employment (or one year in the case of termination of employment by reason of disability). In the case of termination of employment by reason of death, the three-month rule does not apply.

*Non-Qualified Options.* No income is realized by the optionee at the time the option is granted. Generally (i) at exercise, ordinary income is realized by the optionee in an amount equal to the difference between the option price and the fair market value of the shares on the date of exercise, and we receive a tax deduction for the same amount, and (ii) at disposition, appreciation or depreciation after the date of exercise is treated as either short-term or long-term capital gain or loss depending on how long the shares have been held. Special rules will apply where all or a portion of the exercise price of the non-qualified option is paid by tendering shares. Upon exercise, the optionee will also be subject to Social Security taxes on the excess of the fair market value over the exercise price of the option.

*Stock Appreciation Rights.* The recipient of a grant of stock appreciation rights will not realize taxable income and we will not be entitled to a deduction with respect to such grant on the date of such grant. Upon the exercise of an stock appreciation rights, the recipient will realize ordinary income equal to the amount of cash (including the amount of any taxes withheld) and the fair market value of any shares received at the time of exercise. In general, we will be entitled to a corresponding deduction, equal to the amount of income realized.

*Restricted Stock.* A participant who receives a grant of restricted stock will not recognize any taxable income at the time of the award, provided the shares are subject to restrictions (that is, they are nontransferable and subject to a substantial risk of forfeiture). A participant's rights in restricted stock awarded under the plan are subject to a substantial risk of forfeiture if the rights to full enjoyment of the shares are conditioned, directly or indirectly, upon the future performance of substantial services by the participant. However, the participant may elect under Section 83(b) of the Internal Revenue Code to recognize compensation income in the year of the award in an amount equal to the fair market value of the shares on the date of the award, determined without regard to the restrictions. If the participant does not make a Section 83(b) election within 30 days of receipt of the restricted shares, the fair market value of the shares on the date the restrictions lapse, less any amount paid by the participant for such shares, will be treated as compensation income to the participant and will be taxable in the year the restrictions lapse. We generally will be entitled to a compensation deduction for the amount of compensation income the participant recognizes.

*Restricted Stock Units.* A participant will not recognize income, and our company is not entitled to a deduction, upon a grant of restricted stock units. Upon the delivery to a participant of common stock or cash in respect of restricted stock units, a participant generally recognizes ordinary compensation income equal to the fair market value of the shares as of the date of delivery or the cash amount less the purchase price (if any) paid by the participant. When the participant recognizes ordinary income, generally we will be entitled to a tax deduction in the same amount. Upon disposition of any shares acquired through a restricted stock unit award, the participant will recognize long-term or short-term capital gain or loss depending upon the sale price and holding period of the shares.

*Performance Share Awards.* A participant will not recognize income, and our company is not entitled to a deduction, upon a grant of a performance share award. At the time a performance share award is settled,

**Table of Contents**

following the determination that the performance targets have been achieved, the fair market value of the stock delivered on that date, plus any cash that is received, constitutes ordinary income, and generally we will be entitled to a deduction for that amount. Upon disposition of any shares acquired through a performance share award, the participant will recognize long-term or short-term capital gain or loss depending upon the sale price and holding period of the shares.

*Other Types of Awards.* With respect to other awards under the Plan generally when the participant receives payment with respect to an award, the amount of cash and fair market value the stock or of any other property received will be ordinary income to the participant, and the Company generally will be entitled to a tax deduction in the same amount.

*Parachute Payments.* The vesting of any portion of an option or other award that is accelerated due to the occurrence of a change in control may cause a portion of the payments with respect to such accelerated awards to be treated as parachute payments as defined in the Code. Any such parachute payments may be non-deductible to us, in whole or in part, and may subject the recipient to a non-deductible 20% federal excise tax on all or a portion of such payment (in addition to other taxes ordinarily payable).

*Limitation on the Company's Deductions.* As a result of Section 162(m) of the Code, our deduction for certain awards under the 2000 Plan may be limited to the extent that the Chief Executive Officer or other executive officer whose compensation is required to be reported in the summary compensation table receives compensation in excess of \$1 million a year (other than performance-based compensation that otherwise meets the requirements of Section 162(m) of the Code). The 2000 Plan is structured to allow grants to qualify as performance-based compensation.

**New Plan Benefits**

No grants have been issued with respect to the additional shares to be reserved for issuance under the Amended 2000 Plan. The number of shares that may be granted to our Chief Executive Officer, executive officers, non-employee directors (other than the automatically granted awards) and non-executive officers under the Amended 2000 Plan is not determinable at this time, as such grants are subject to the discretion of the Compensation Committee. Information about the non-qualified stock options automatically granted to non-employee directors can be found herein under the heading Automatic Grants to Non-Employee Directors. The following table provides information with respect to the number of shares granted under the 2000 Plan for the fiscal year ended December 31, 2010 to our executive officers, non-executive officer directors and employees. Information about the number of shares granted to our Chief Executive Officer and other named executive officers can be found herein under the heading Grants of Plan-Based Awards 2010.

Name and Position	Number of Shares Underlying Awards
Chane Graziano Chairman of the Board and Chief Executive Officer	133,600(1)
David Green President	133,600(1)
Thomas McNaughton Chief Financial Officer	66,800(1)
Susan M. Luscinski Chief Operating Officer	66,800(1)
All executive officers as a group	400,800(1)
All non-executive officer directors	102,600(2)
Employees as a group (excluding executive officers)	638,300(3)
Totals	1,141,700(4)

- (1) Represents deferred stock awards of restricted stock units.
- (2) Represents stock options.
- (3) Includes 66,800 deferred stock awards of restricted stock units issued to an executive who is not an officer of the Company and 571,500 stock options.
- (4) Includes 467,600 deferred stock awards of restricted stock units and 674,100 stock options.

**Table of Contents**

Reference is hereby made to the Equity Compensation Plan Information table on page 30 of this Proxy Statement which is incorporated by reference into this Proposal 2 and provides certain details on our current plans.

**PROPOSAL 3**

**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC**

**ACCOUNTING FIRM**

The Audit Committee of the Board of Directors has appointed KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011. KPMG LLP has served as our independent registered public accounting firm since 2000. The Audit Committee is responsible for the appointment, retention, termination, compensation and oversight of the work of our independent registered public accounting firm for the purpose of preparing or issuing an audit report or related work. Although ratification of the appointment of our independent registered public accounting firm is not required by our By-laws or otherwise, the Board is submitting the appointment of KPMG LLP to our stockholders for ratification because we value the views of our stockholders. In the event that stockholders fail to ratify the appointment of KPMG LLP, the Audit Committee will reconsider the appointment of KPMG LLP. Even if the appointment is ratified, the ratification is not binding and the Audit Committee may in its discretion select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our stockholders.

A representative of KPMG LLP is expected to be present at the Annual Meeting. He or she will have an opportunity to make a statement, if he or she desires to do so, and will be available to respond to appropriate questions.

**Vote Required**

The affirmative vote of a majority of the votes cast by holders of shares of common stock present or represented by proxy and entitled to vote on the matter at the Annual Meeting is required for the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

**THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2011. PROPERLY AUTHORIZED PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED FOR THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP UNLESS INSTRUCTIONS TO THE CONTRARY ARE GIVEN.**

**PROPOSAL 4**

**ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

**( SAY-ON-PAY VOTE )**

**Background**

The Securities and Exchange Commission adopted final rules on January 26, 2011 to implement Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Final Rules ) requiring public companies to provide shareholders with periodic advisory votes on executive compensation ( Say-on-Pay Proposal ).

## **Table of Contents**

Pursuant to Section 14A of the Securities Exchange Act of 1934, we are seeking an advisory vote from our shareholders to approve our named executive officer compensation, as set forth below. We and the Board of Directors welcome our shareholders' views on this subject, and will carefully consider the outcome of this vote consistent with the best interests of all shareholders. As an advisory vote, however, the outcome is not binding on us or the Board of Directors.

As described in detail under the heading "Compensation Discussion and Analysis," our executive compensation program is designed to attract and retain high performing and experienced executives; motivate and reward executives whose knowledge, skills and performance are critical to our success; align the interests of our executives and stockholders by motivating executives to increase stockholder value and rewarding executives when stockholder value increases; foster a shared commitment among executives by coordinating their goals; and motivate our executives to manage our business to meet our short and long-term objectives, and reward them for meeting these objectives. The elements of executive compensation include base salary, annual cash incentive bonuses, employment agreements, long-term equity incentive compensation and broad-based benefits programs. Please read the "Compensation Discussion and Analysis" for additional details about our executive compensation programs, including information about the Fiscal 2011 compensation of our named executive officers. Specifically, we are seeking a vote on the following resolution:

RESOLVED, that the shareholders approve, on a non-binding advisory basis, the compensation of our named executive officers as disclosed in this proxy statement pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and related narrative discussion.

### **Recommendation**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RESOLUTION ABOVE TO APPROVE EXECUTIVE COMPENSATION.**

### **PROPOSAL 5**

#### **ADVISORY VOTE ON FREQUENCY OF FUTURE ADVISORY VOTES ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS**

**( FREQUENCY VOTE )**

### **Background**

The Dodd-Frank Act also enables our stockholders to recommend how frequently they believe we should seek an advisory vote on the compensation of our named executive officers. We are seeking an advisory, non-binding determination from our stockholders as to the frequency with which stockholders would have an opportunity to provide an advisory approval of our executive compensation program. We are providing stockholders the option of selecting a frequency of one, two or three years, or abstaining.

While we will continue to monitor developments in this area, the Board currently plans to seek an advisory vote on executive compensation every year. We believe that this frequency is appropriate because it will enable our stockholders to vote, on a non-binding advisory basis, on the most recent executive compensation information that is presented in our proxy statement, leading to a more meaningful and coherent communication between the Company and our stockholders on the compensation of our named executive officers.

The Board's determination was further based on the premise that this recommendation could be modified in future years if it becomes apparent that an annual frequency vote is not meaningful, is burdensome or is more frequent than recommended by best corporate governance practices.



## **Table of Contents**

We will consider stockholders to have expressed a non-binding preference for the frequency that receives the highest number of favorable votes. Due to the non-binding nature of this preference, the Board may decide that it is in the best interests of our stockholders and the Company to hold a non-binding, advisory vote on the compensation of our Named Executive Officers more or less frequently than the option preferred by our stockholders.

## **Recommendation**

**THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR 1 YEAR AS THE FREQUENCY FOR WHICH STOCKHOLDERS SHALL HAVE AN ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS AS DESCRIBED IN THE COMPENSATION DISCUSSION AND ANALYSIS SECTION AND THE RELATED TABULAR AND NARRATIVE DISCLOSURE SET FORTH IN THE PROXY STATEMENT.**

## **MULTIPLE STOCKHOLDERS SHARING THE SAME ADDRESS**

Owners of common stock in street name may receive a notice from their broker or bank stating that only one notice of internet availability of proxy materials, annual report or proxy statement will be delivered to multiple stockholders sharing an address. This practice, known as householding, is designed to reduce printing and postage costs. However, if any stockholder residing at such an address wishes to receive a separate notice of internet availability of proxy materials, annual report or proxy statement, we will promptly deliver a separate copy to any stockholder upon written or oral request to our investor relations department at Harvard Bioscience, Inc., 84 October Hill Road, Holliston, Massachusetts 01746-1371 or by telephone at 508-893-8066 or by e-mail at IR@harvardbioscience.com.

## **OTHER MATTERS**

The Board of Directors does not know of any matters, other than those described in this Proxy Statement that will be presented for action at the Annual Meeting. If other matters are duly presented, proxies will be voted in accordance with the best judgment of the proxy holders.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE CAST YOUR VOTE ONLINE, BY TELEPHONE OR BY COMPLETING, DATING, SIGNING AND PROMPTLY RETURNING YOUR PROXY CARD OR VOTING INSTRUCTIONS CARD IN THE POSTAGE-PAID ENVELOPE (WHICH WILL BE PROVIDED TO THOSE SHAREHOLDERS WHO REQUEST TO RECEIVE PAPER COPIES OF THESE MATERIALS BY MAIL) BEFORE THE ANNUAL MEETING SO THAT YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING.**

**THIS PROXY STATEMENT IS ACCOMPANIED BY THE COMPANY'S ANNUAL REPORT TO STOCKHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2010. THE COMPANY WILL FURNISH, WITHOUT CHARGE, A COPY OF ITS ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2010 AND ANY EXHIBITS THERETO TO ANY STOCKHOLDER, UPON WRITTEN REQUEST TO HARVARD BIOSCIENCE, INC., 84 OCTOBER HILL ROAD, HOLLISTON, MASSACHUSETTS 01746-1371. A LIST OF STOCKHOLDERS ENTITLED TO VOTE AT THE ANNUAL MEETING WILL BE AVAILABLE FOR INSPECTION BY STOCKHOLDERS DURING REGULAR BUSINESS HOURS AT OUR OFFICES AND THE OFFICES OF OUR TRANSFER AGENT DURING THE TEN DAYS PRIOR TO THE ANNUAL MEETING AS WELL AS AT THE ANNUAL MEETING.**

**Table of Contents**

**APPENDIX A**

**HARVARD BIOSCIENCE, INC.**

**THIRD AMENDED AND RESTATED**

**2000 STOCK OPTION AND INCENTIVE PLAN**

1) *GENERAL PURPOSE OF THE PLAN; DEFINITIONS*

The name of the plan is the Harvard Bioscience, Inc. Third Amended and Restated 2000 Stock Option and Incentive Plan (the *Plan*). The purpose of the Plan is to encourage and enable the officers, employees, Independent Directors and other key persons (including consultants) of Harvard Bioscience, Inc. (the *Company*) and its Subsidiaries upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business to acquire a proprietary interest in the Company. It is anticipated that providing such persons with a direct stake in the Company's welfare will assure a closer identification of their interests with those of the Company, thereby stimulating their efforts on the Company's behalf and strengthening their desire to remain with the Company.

The following terms shall be defined as set forth below:

*Act* means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

*Administrator* is defined in Section 2(a).

*Award* or *Awards*, except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Deferred Stock Awards, Restricted Stock Awards, Unrestricted Stock Awards, Performance Share Awards and Dividend Equivalent Rights.

*Board* means the Board of Directors of the Company.

*Cash-Based Award* means an Award entitling the recipient to receive a cash-denominated payment.

*Change of Control* is defined in Section 19.

*Code* means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

*Committee* means the Compensation Committee of the Board or a similar committee performing the functions of the Compensation Committee and that is comprised of not less than two Independent Directors.

*Covered Employee* means an employee who is a *Covered Employee* within the meaning of Section 162(m) of the Code.

*Deferred Stock Award* means Awards granted pursuant to Section 8.

*Dividend Equivalent Right* means Awards granted pursuant to Section 13.

*Effective Date* means the date on which the Plan is approved by stockholders as set forth in Section 21.

*Exchange Act* means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

## **Table of Contents**

*Fair Market Value* of the Stock on any given date means the fair market value of the Stock determined in good faith by the Administrator; provided, however, that if the Stock is traded on a national securities exchange the Fair Market Value of the Stock will equal the closing sales price as reported on the principal exchange or market for the Stock on such date. If there is no trading on such date, the determination shall be made by reference to the last date preceding such date for which there was trading.

*Full Value Award* means any Deferred Stock Award, Restricted Stock Awards, Unrestricted Stock Awards, Performance Share Awards or other Award that results in the Company transferring the full value of any underlying share granted pursuant to such Award, but shall not include Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights.

*Incentive Stock Option* means any Stock Option designated and qualified as an incentive stock option as defined in Section 422 of the Code.

*Independent Director* means a member of the Board who is not also an employee of the Company or any Subsidiary and who is independent.

*Non-Qualified Stock Option* means any Stock Option that is not an Incentive Stock Option.

*Option* or *Stock Option* means any option to purchase shares of Stock granted pursuant to Section 5.

*Performance Share Award* means Awards granted pursuant to Section 11.

*Performance Cycle* means one or more periods of time, which may be of varying and overlapping durations, as the Administrator may select, over which the attainment of one or more performance criteria will be measured for the purpose of determining a grantee's right to and the payment of a Performance Share Award, Restricted Stock Award or Deferred Stock Award. Each such period shall not be less than three months.

*Restricted Stock Award* means Awards granted pursuant to Section 7.

*Section 409A* means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

*Stock* means the Common Stock, par value \$.01 per share, of the Company, subject to adjustments pursuant to Section 3.

*Stock Appreciation Right* means any Award granted pursuant to Section 6.

*Subsidiary* means any corporation or other entity (other than the Company) in any unbroken chain of corporations or other entities beginning with the Company if each of the corporations or entities (other than the last corporation or entity in the unbroken chain) owns stock or other interests possessing 50 percent or more of the economic interest or the total combined voting power of all classes of stock or other interests in one of the other corporations or entities in the chain.

*Unrestricted Stock Award* means any Award granted pursuant to Section 9.

### 2) **ADMINISTRATION OF PLAN; ADMINISTRATOR AUTHORITY TO SELECT GRANTEEES AND DETERMINE AWARDS**

a) *Committee*. The Plan shall be administered by either the Board or a committee of not less than two Independent Directors (in either case, the Administrator ).

**Table of Contents**

b) *Powers of Administrator.* The Administrator shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

i) to select the individuals to whom Awards may from time to time be granted;

ii) to determine the time or times of grant, and the extent, if any, of Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock Awards, Deferred Stock Awards, Unrestricted Stock Awards, Performance Share Awards and Dividend Equivalent Rights, or any combination of the foregoing, granted to any one or more grantees;

iii) to determine the number of shares of Stock to be covered by any Award;

iv) to determine and modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the form of written instruments evidencing the Awards;

v) to accelerate at any time the exercisability or vesting of all or any portion of any Award, provided that, other than by reason of, or in connection with, any death, disability, retirement, employment termination (without cause or by the employee for good reason), Sale Event or Change of Control, the Administrator shall not accelerate or waive any restriction period applicable to any outstanding Restricted Stock Award, Deferred Stock Award or Performance Share Award granted to an employee beyond the minimum restriction periods set forth in Section 7(d), Section 8(a) and Section 11(a), respectively, or accelerate the exercisability or vesting of unvested Stock Options which in the aggregate, when combined with the aggregate number of shares of Stock issued pursuant to Section 9, exceed ten percent (10%) of the maximum number of shares of stock reserved and available for issuance under the Plan pursuant to Section 3(a);

vi) subject to the provisions of Section 5(a)(ii), to extend at any time the period in which Stock Options may be exercised; and

vii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including related written instruments); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Administrator shall be binding on all persons, including the Company and Plan grantees.

c) *Delegation of Authority to Grant Awards.* The Administrator, in its discretion, may delegate to the Chief Executive Officer of the Company all or part of the Administrator's authority and duties with respect to the granting of Awards at Fair Market Value, to individuals who are not subject to the reporting and other provisions of Section 16 of the Exchange Act or covered employees within the meaning of Section 162(m) of the Code. Any such delegation by the Administrator shall include a limitation as to the amount of Awards that may be granted during the period of the delegation and shall contain guidelines as to the determination of the exercise price of any Stock Option or Stock Appreciation Right, the conversion ratio or price of other Awards and the vesting criteria. The Administrator may revoke or amend the terms of a delegation at any time but such action shall not invalidate any prior actions of the Administrator's delegate or delegates that were consistent with the terms of the Plan.

d) *Indemnification.* Neither the Board nor the Committee, nor any member of either or any delegatee thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Committee (and any delegatee thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest

**Table of Contents**

extent permitted by law and/or under the Company's organizational documents or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

3) *STOCK ISSUABLE UNDER THE PLAN; MERGERS; SUBSTITUTION*

a) *Stock Issuable.* Subject to adjustment as provided in Section 3(b), the maximum number of shares of Stock reserved and available for issuance under the Plan shall be 13,067,675 of shares of Stock which number reflects the total of 3,750,000 shares originally reserved, plus the effect of an evergreen provision through December 31, 2005, plus an additional 2,000,000 shares added to the Plan in 2006, plus an additional 2,500,000 shares added to the Plan in 2008 plus an additional 3,700,000 shares added to the Plan in 2011. To the extent an Award expires or terminates or is surrendered or forfeited (other than by exercise), in whole or in part, the shares subject to such Award or portion thereof so forfeited, expired, terminated or surrendered again will become available for future grant or sale under the Plan. Should the exercise price of an Option be paid with shares underlying such Option, then the authorized reserve of shares under the Plan shall be reduced by the gross number of shares for which that Option is exercised, and not by the net number of shares issued under the exercised Option. If shares otherwise issuable under the Plan are withheld by the Company in satisfaction of the withholding taxes incurred in connection with an Award, then the number of shares available for issuance under the Plan shall be reduced by the gross number of shares issuable under the Award, calculated in each instance prior to any such share withholding and, to the extent such shares are issued pursuant to a Full-Value Award issued on or after May 25, 2011, after giving effect to the last sentence of this Section 3(a). In addition, upon exercise of Stock Appreciation Rights, the gross number of shares exercised shall be deducted from the total number of shares remaining available for issuance under the Plan. Shares of Stock may be issued up to such maximum number pursuant to any type or types of Award; provided, however, that Stock Options or Stock Appreciation Rights with respect to no more than 1,000,000 shares of Stock may be granted to any one individual grantee during any one calendar year period. The shares available for issuance under the Plan may be authorized but unissued shares of Stock or shares of Stock reacquired by the Company and held in its treasury. Any shares underlying Full-Value Awards granted on or after May 25, 2011 will be counted against the foregoing authorized reserve of shares under the Plan as 1.79 shares.

b) *Changes in Stock.* Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding shares of Stock are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such shares of Stock or other securities, or, if, as a result of any merger or consolidation, sale of all or substantially all of the assets of the Company, the outstanding shares of Stock are converted into or exchanged for a different number or kind of securities of the Company or any successor entity (or a parent or subsidiary thereof), the Administrator shall make an appropriate or proportionate adjustment in (i) the maximum number of shares reserved for issuance under the Plan, including the maximum number of shares that may be issued in the form of Unrestricted Stock Awards, Restricted Stock Awards or Performance Share Awards, (ii) the number of Stock Options or Stock Appreciation Rights that can be granted to any one individual grantee and the maximum number of shares that may be granted under a Performance-based Award, (iii) the number and kind of shares or other securities subject to any then outstanding Awards under the Plan, (iv) the repurchase price per share subject to each outstanding Restricted Stock Award, and (v) the price for each share subject to any then outstanding Stock Options and Stock Appreciation Rights under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options and Stock Appreciation Rights) as to which such Stock Options and Stock Appreciation Rights remain exercisable. The adjustment by the Administrator shall be final, binding and conclusive. No fractional shares of Stock shall be issued under the Plan resulting from any such adjustment, but the Administrator in its discretion may make a cash payment in lieu of fractional shares.

The Administrator shall also adjust the number of shares subject to outstanding Awards and the exercise price and the terms of outstanding Awards to take into consideration material changes in accounting practices or

**Table of Contents**

principles, extraordinary dividends, acquisitions or dispositions of stock or property or any other event if it is determined by the Administrator that such adjustment is appropriate to avoid distortion in the operation of the Plan, provided that no such adjustment shall be made in the case of an Incentive Stock Option, without the consent of the grantee, if it would constitute a modification, extension or renewal of the Option within the meaning of Section 424(h) of the Code.

c) *Mergers and Other Transactions.* In the case of and subject to the consummation of (i) the dissolution or liquidation of the Company, (ii) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (iii) a merger, reorganization or consolidation in which the outstanding shares of Stock are converted into or exchanged for a different kind of securities of the successor entity and the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (iv) the sale of all of the Stock of the Company to an unrelated person or entity (in each case, a Sale Event), all Options and Stock Appreciation Rights that are not exercisable immediately prior to the effective time of the Sale Event shall become fully exercisable as of the effective time of the Sale Event and all other Awards with conditions and restrictions relating solely to the passage of time and continued employment shall become fully vested and nonforfeitable as of the effective time of the Sale Event, except as the Administrator may otherwise specify with respect to particular Awards. Upon the effective time of the Sale Event, the Plan and all outstanding Awards granted hereunder shall terminate, unless provision is made in connection with the Sale Event in the sole discretion of the parties thereto for the assumption or continuation of Awards theretofore granted by the successor entity, or the substitution of such Awards with new Awards of the successor entity or parent thereof, with appropriate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree (after taking into account any acceleration hereunder). In the event of such termination, each grantee shall be permitted, within a specified period of time prior to the consummation of the Sale Event as determined by the Administrator, to exercise all outstanding Options and Stock Appreciation Rights held by such grantee, including those that will become exercisable upon the consummation of the Sale Event; provided, however, that the exercise of Options and Stock Appreciation Rights not exercisable prior to the Sale Event shall be subject to the consummation of the Sale Event.

Notwithstanding anything to the contrary in this Section 3.2(c), in the event of a Sale Event pursuant to which holders of the Stock of the Company will receive upon consummation thereof a cash payment for each share surrendered in the Sale Event, the Company shall have the right, but not the obligation, to make or provide for a cash payment to the grantees holding Options and Stock Appreciation Rights, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the value as determined by the Administrator of the consideration payable per share of Stock pursuant to the Sale Event (the Sale Price) times the number of shares of Stock subject to outstanding Options and Stock Appreciation Rights (to the extent then exercisable at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding Options and Stock Appreciation Rights.

d) *Substitute Awards.* The Administrator may grant Awards under the Plan in substitution for stock and stock based awards held by employees, directors or other key persons of another corporation in connection with the merger or consolidation of the employing corporation with the Company or a Subsidiary or the acquisition by the Company or a Subsidiary of property or stock of the employing corporation. The Administrator may direct that the substitute awards be granted on such terms and conditions as the Administrator considers appropriate in the circumstances. Any substitute Awards granted under the Plan shall not count against the share limitation set forth in Section 3(a).

#### 4) *ELIGIBILITY*

Grantees under the Plan will be such full or part-time officers and other employees, Independent Directors and key persons (including consultants and prospective employees) of the Company and its Subsidiaries as are selected from time to time by the Administrator in its sole discretion.

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**Table of Contents**

5) *STOCK OPTIONS*

Any Stock Option granted under the Plan shall be in such form as the Administrator may from time to time approve.

Stock Options granted under the Plan may be either Incentive Stock Options or Non-Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a subsidiary corporation within the meaning of Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

a) *Stock Options Granted to Employees and Key Persons.* The Administrator in its discretion may grant Stock Options to eligible employees and key persons of the Company or any Subsidiary. Stock Options granted pursuant to this Section 5(a) shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Administrator shall deem desirable. If the Administrator so determines, Stock Options may be granted in lieu of cash compensation at the optionee's election, subject to such terms and conditions as the Administrator may establish.

i) *Exercise Price.* The exercise price per share for the Stock covered by a Stock Option granted pursuant to this Section 5(a) shall be determined by the Administrator at the time of grant but shall not be less than 100 percent of the Fair Market Value on the date of grant. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the option price of such Incentive Stock Option shall be not less than 110 percent of the Fair Market Value on the grant date.

ii) *Option Term.* The term of each Stock Option shall be fixed by the Administrator, but no Stock Option shall be exercisable more than 10 years after the date the Stock Option is granted. If an employee owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent or subsidiary corporation and an Incentive Stock Option is granted to such employee, the term of such Stock Option shall be no more than five years from the date of grant.

iii) *Exercisability; Rights of a Stockholder.* Stock Options shall become exercisable at such time or times, whether or not in installments, as shall be determined by the Administrator at or after the grant date. Subject to Section 2(b)(v), the Administrator may at any time accelerate the exercisability of all or any portion of any Stock Option. An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

iv) *Method of Exercise.* Stock Options may be exercised in whole or in part, by giving written notice of exercise to the Company, specifying the number of shares to be purchased. Payment of the purchase price may be made by one or more of the following methods to the extent provided in the Option Award agreement:

(1) In cash, by certified or bank check or other instrument acceptable to the Administrator;

(2) Through the delivery (or attestation to the ownership) of shares of Stock that have been purchased by the optionee on the open market or that have been beneficially owned by the optionee for at least six months and are not then subject to restrictions under any Company plan. Such surrendered shares shall be valued at Fair Market Value on the exercise date; or

(3) By the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure.

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**Table of Contents**

Payment instruments will be received subject to collection. The transfer to the optionee on the records of the Company or of the transfer agent of delivery of certificates representing the shares of Stock to be purchased pursuant to the exercise of a Stock Option will be contingent upon receipt from the optionee (or a purchaser acting in his stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such shares and the fulfillment of any other requirements contained in the Option Award agreement or applicable provisions of laws (including the satisfaction of any withholding taxes that the Company is obligated to withhold with respect to the optionee). In the event an optionee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the optionee upon the exercise of the Stock Option shall be net of the number of attested shares. In the event that the Company establishes, for itself or using the services of a third party, an automated system for the exercise of Stock Options, such as a system using an internet website or interactive voice response, then the paperless exercise of Stock Options may be permitted through the use of such an automated system.

v) *Annual Limit on Incentive Stock Options.* To the extent required for incentive stock option treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the shares of Stock with respect to which Incentive Stock Options granted under this Plan and any other plan of the Company or its parent and subsidiary corporations become exercisable for the first time by an optionee during any calendar year shall not exceed \$100,000. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

b) *Stock Options Granted to Independent Directors.*

i) *Automatic Grant of Options.*

- (1) Each Independent Director who is first elected to serve as a Director shall be granted, on the fifth business day after his election, a Non-Qualified Stock Option to acquire 25,000 shares of Stock.
- (2) The exercise price per share for the Stock covered by a Stock Option granted under this Section 5(b) shall be equal to the Fair Market Value of the Stock on the date the Stock Option is granted.
- (3) The Administrator, in its discretion, may grant additional Non-Qualified Stock Options to Independent Directors. Any such grant may vary among individual Independent Directors.

ii) *Exercise; Termination.*

(1) Unless otherwise determined by the Administrator, an Option granted under Section 5(b) shall be exercisable as to one-third of the shares of Stock covered thereby as of the first anniversary of the grant date, as to a second one-third of the shares of Stock covered thereby as of the second anniversary of the grant date, and as to the remaining one-third of the shares of Stock covered thereby as of the third anniversary of the grant date. An Option issued under this Section 5(b) shall not be exercisable after the expiration of ten years from the date of grant.

(2) Options granted under this Section 5(b) may be exercised only by written notice to the Company specifying the number of shares to be purchased. Payment of the full purchase price of the shares to be purchased may be made by one or more of the methods specified in Section 5(a)(iv). An optionee shall have the rights of a stockholder only as to shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options.

c) *Non-transferability of Options.* No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee, or by the optionee's legal representative or guardian in the event of the optionee's incapacity. Notwithstanding the foregoing, the Administrator, in its sole discretion, may provide in the Award agreement regarding a given Option that the optionee may transfer his Non-Qualified Stock Options to members



## Table of Contents

of his immediate family, to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners, provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Option.

### 6) *STOCK APPRECIATION RIGHTS.*

a) *Nature of Stock Appreciation Rights.* A Stock Appreciation Right is an Award entitling the recipient to receive shares of Stock having a value equal to the excess of the Fair Market Value of the Stock on the date of exercise over the exercise price Stock Appreciation Right, which price shall not be less than 100 percent of the Fair Market Value of the Stock on the date of grant multiplied by the number of shares of Stock with respect to which the Stock Appreciation Right shall have been exercised.

b) *Grant and Exercise of Stock Appreciation Rights.* Stock Appreciation Rights may be granted by the Administrator independently of any Stock Option granted pursuant to Section 5 of the Plan.

c) *Terms and Conditions of Stock Appreciation Rights.* Stock Appreciation Rights shall be subject to such terms and conditions as shall be determined from time to time by the Administrator, provided that during the grantee's lifetime all Stock Appreciation Rights shall be exercisable only by the grantee or the grantee's legal representative.

(d) *Stock Appreciation Rights Term.* The term of each Stock Appreciation Right shall be fixed by the Administrator, but no Stock Appreciation Right shall be exercisable more than ten years after the date the Stock Appreciation Right is granted.

### 7) *RESTRICTED STOCK AWARDS*

a) *Nature of Restricted Stock Awards.* A Restricted Stock Award is an Award entitling the recipient to acquire, at such purchase price as determined by the Administrator, shares of Stock subject to such restrictions and conditions as the Administrator may determine at the time of grant ( Restricted Stock ). Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Restricted Stock Award is contingent on the grantee executing the Restricted Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees.

b) *Rights as a Stockholder.* Upon execution of a written instrument setting forth the Restricted Stock Award and payment of any applicable purchase price, a grantee shall have the rights of a stockholder with respect to the voting of the Restricted Stock, subject to such conditions contained in the written instrument evidencing the Restricted Stock Award. Unless the Administrator shall otherwise determine, (i) uncertificated Restricted Stock shall be accompanied by a notation on the records of the Company or the transfer agent to the effect that they are subject to forfeiture until such Restricted Stock are vested as provided in Section 7(d) below, and (ii) certificated Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in Section 7(d) below, and the grantee shall be required, as a condition of the grant, to deliver to the Company a stock power endorsed in blank.

c) *Restrictions.* Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Restricted Stock Award agreement. If a grantee's employment (or other service relationship) with the Company and its Subsidiaries terminates for any reason, any Restricted Stock that has not vested at the time of termination shall automatically and without any requirement of notice to such grantee from or other action by or on behalf of, the Company be deemed to have been reacquired by the Company at its original purchase price (if any) from such grantee or such grantee's legal representative simultaneously with such termination of employment (or other service relationship), and thereafter shall cease to

**Table of Contents**

represent any ownership of the Company by the grantee or rights of the grantee as a stockholder. Following such deemed reacquisition of unvested Restricted Stock that are represented by physical certificates, a grantee shall surrender such certificates to the Company upon request without consideration.

d) *Vesting of Restricted Stock.* The Administrator at the time of grant shall specify the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the non-transferability of the Restricted Stock and the Company's right of repurchase or forfeiture shall lapse. Notwithstanding the foregoing, in the event that any such Restricted Stock granted to an employee shall have a performance-based goal, the restriction period with respect to such shares shall not be less than one year, and in the event any such Restricted Stock granted to an employee shall have a time-based restriction, the restriction period with respect to such shares shall not be less than three years; provided, however, that Restricted Stock with a time-based restriction may become vested incrementally over such three-year period. The minimum vesting requirements set forth in the foregoing sentence will not apply to Restricted Stock granted to an Independent Director. Subsequent to such date or dates and/or the attainment of such pre-established performance goals, objectives and other conditions, the shares on which all restrictions have lapsed shall no longer be Restricted Stock and shall be deemed vested. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 17 below, in writing after the Award agreement is issued, a grantee's rights in any shares of Restricted Stock that have not vested shall automatically terminate upon the grantee's termination of employment (or other service relationship) with the Company and its Subsidiaries and such shares shall be subject to the Company's right of repurchase as provided in Section 7(c) above.

e) *Waiver, Deferral and Reinvestment of Dividends.* The Restricted Stock Award agreement may require or permit the immediate payment, waiver, deferral or investment of dividends paid on the Restricted Stock.

8) **DEFERRED STOCK AWARDS**

a) *Nature of Deferred Stock Awards.* A Deferred Stock Award is an Award of phantom stock units to a grantee, subject to restrictions and conditions as the Administrator may determine at the time of grant. Conditions may be based on continuing employment (or other service relationship) and/or achievement of pre-established performance goals and objectives. The grant of a Deferred Stock Award is contingent on the grantee executing the Deferred Stock Award agreement. The terms and conditions of each such agreement shall be determined by the Administrator, and such terms and conditions may differ among individual Awards and grantees. Notwithstanding the foregoing, in the event that any such Deferred Stock Award granted to an employee shall have a performance-based goal, the restriction period with respect to such award shall not be less than one year, and in the event any such Deferred Stock Award granted to an employee shall have a time-based restriction, the restriction period with respect to such award shall not be less than three years; provided, however, that any such Deferred Stock Award with a time-based restriction may become vested incrementally over such three-year period. The minimum vesting requirements set forth in the foregoing sentence will not apply to Deferred Stock Awards granted to Independent Directors. At the end of the deferral period, the Deferred Stock Award, to the extent vested, shall be paid to the grantee in the form of shares of Stock. To the extent that a Deferred Stock Award is subject to Section 409A, it may contain such additional terms and conditions as the Administrator shall determine in its sole discretion in order for such Award to comply with the requirements of Section 409A.

b) *Election to Receive Deferred Stock Awards in Lieu of Compensation.* The Administrator may, in its sole discretion, permit a grantee to elect to receive a portion of the cash compensation or Restricted Stock Award otherwise due to such grantee in the form of a Deferred Stock Award. Any such election shall be made in writing and shall be delivered to the Company no later than the date specified by the Administrator and in accordance with Section 409A and such other rules and procedures established by the Administrator. Any such future cash compensation that the grantee elects to defer shall be converted to a fixed number of phantom stock units based on the Fair Market Value of Stock on the date the compensation would otherwise have been paid to the grantee if such payment had not been deferred as provided herein. The Administrator shall have the sole right to determine whether and under what circumstances to permit such elections and to impose such limitations and other terms and conditions thereon as the Administrator deems appropriate.

**Table of Contents**

c) *Rights as a Stockholder.* During the deferral period, a grantee shall have no rights as a stockholder; provided, however, that the grantee may be credited with Dividend Equivalent Rights with respect to the phantom stock units underlying his Deferred Stock Award, subject to such terms and conditions as the Administrator may determine.

d) *Restrictions.* A Deferred Stock Award may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of during the deferral period.

e) *Termination.* Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 17 below, in writing after the Award agreement is issued, a grantee's right in all Deferred Stock Awards that have not vested shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

9) *UNRESTRICTED STOCK AWARDS*

The Administrator may, in its sole discretion, grant (or sell at par value or such higher purchase price determined by the Administrator) an Unrestricted Stock Award to any grantee pursuant to which such grantee may receive shares of Stock free of any restrictions ( Unrestricted Stock ) under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee. The aggregate number of shares of Stock issuable pursuant to this Section 9, when combined with the number of shares of underlying unvested Stock Options accelerated pursuant to Section 2(b)(v) other than by reason of, or in connection with, any death, disability, retirement, employment termination (without cause or by the employee for good reason), Sale Event or Change of Control, is limited to ten percent (10%) of the maximum number of shares of Stock reserved and available for issuance under the Plan pursuant to Section 3(a).

10) *CASH-BASED AWARDS*

The Administrator may, in its sole discretion, grant Cash-Based Awards to any grantee in such number or amount and upon such terms, and subject to such conditions, as the Administrator shall determine at the time of grant. The Administrator shall determine the maximum duration of the Cash-Based Award, the amount of cash to which the Cash-Based Award pertains, the conditions upon which the Cash-Based Award shall become vested or payable, and such other provisions as the Administrator shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula or payment ranges as determined by the Administrator. Payment, if any, with respect to a Cash-Based Award shall be made in accordance with the terms of the Award and may be made in cash or in shares of Stock, as the Administrator determines.

11) *PERFORMANCE SHARE AWARDS*

a) *Nature of Performance Share Awards.* A Performance Share Award is an Award entitling the recipient to acquire shares of Stock upon the attainment of specified performance goals. The Administrator may make Performance Share Awards independent of or in connection with the granting of any other Award under the Plan. The Administrator in its sole discretion shall determine whether and to whom Performance Share Awards shall be made, the performance goals, the periods during which performance is to be measured, and all other limitations and conditions. Notwithstanding the foregoing, any Performance Share Award granted to an employee shall have a restriction period of not less than one year. The minimum vesting requirements set forth in the foregoing sentence will not apply to Performance Share Awards granted to Independent Directors.

b) *Rights as a Stockholder.* A grantee receiving a Performance Share Award shall have the rights of a stockholder only as to shares actually received by the grantee under the Plan and not with respect to shares subject to the Award but not actually received by the grantee. A grantee shall be entitled to receive a stock certificate evidencing the acquisition of shares of Stock under a Performance Share Award only upon satisfaction of all conditions specified in the Performance Share Award agreement (or in a performance plan adopted by the Administrator).

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**Table of Contents**

c) *Termination*. Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 17 below, in writing after the Award agreement is issued, a grantee's rights in all Performance Share Awards shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

**12) PERFORMANCE-BASED AWARDS TO COVERED EMPLOYEES**

Notwithstanding anything to the contrary contained herein, if any Restricted Stock Award, Deferred Stock Award, Cash-Based Award or Performance Share Award granted to a Covered Employee is intended to qualify as Performance-based Compensation under Section 162(m) of the Code and the regulations promulgated thereunder (a Performance-based Award), such Award shall comply with the provisions set forth below:

a) *Performance Criteria*. The Administrator shall define in an objective fashion the manner of calculating the Performance Criteria it selects to use for any Performance Cycle. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Administrator, in its discretion, may adjust or modify the calculation of Performance Goals for such Performance Cycle in order to prevent dilution or enlargement of the rights of an individual (x) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event or development, (y) in recognition of, or in anticipation of, any either unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or (z) in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions provided however, that the Administrator may not exercise such discretion in a manner that would increase the Performance-Based Award granted to a Covered Employee. The performance criteria used in performance goals governing Performance-based Awards granted to Covered Employees may include any or all of the following: (i) return on equity, assets, capital or investment; (ii) pre-tax or after-tax profit levels; (iii) cash flow, funds from operations or similar measure; (iv) total shareholder return; (v) changes in the market price of the Stock; (vi) revenues, sales or market share; (vii) net income (loss) or earnings per share; (viii) expense margins or operating efficiency (including budgeted spending limits) or (ix) project development milestones, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group and, for financial measures, may be based on numbers calculated in accordance with U.S. generally accepted accounting principles or on an as adjusted basis.

b) *Grant of Performance-based Awards*. With respect to each Performance-based Award granted to a Covered Employee, the Committee shall select, within the first 90 days of a Performance Cycle (or, if shorter, within the maximum period allowed under Section 162(m) of the Code) the performance criteria for such grant, and the achievement targets with respect to each performance criterion (including a threshold level of performance below which no amount will become payable with respect to such Award). Each Performance-based Award will specify the amount payable, or the formula for determining the amount payable, upon achievement of the various applicable performance targets. The performance criteria established by the Committee may be (but need not be) different for each Performance Cycle and different goals may be applicable to Performance-based Awards to different Covered Employees.

c) *Payment of Performance-based Awards*. Following the completion of a Performance Cycle, the Committee shall meet to review and certify in writing whether, and to what extent, the performance criteria for the Performance Cycle have been achieved and, if so, to also calculate and certify in writing the amount of the Performance-based Awards earned for the Performance Cycle. The Committee shall then determine the actual size of each Covered Employee's Performance-based Award, and, in doing so, may reduce or eliminate the amount of the Performance-based Award for a Covered Employee if, in its sole judgment, such reduction or elimination is appropriate.

d) *Maximum Award Payable*. The maximum Performance-based Award payable to any one Covered Employee under the Plan for a Performance Cycle is 1,000,000 Shares (subject to adjustment as provided in

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**Table of Contents**

Section 3(b) hereof) or \$2,000,000 in the case of a Performance-based Award that is a Cash-Based Award; provided, however, that such limits shall not otherwise limit the Administrator's ability to grant awards not intended to qualify as Performance-based Awards.

13) *DIVIDEND EQUIVALENT RIGHTS*

a) *Dividend Equivalent Rights.* A Dividend Equivalent Right is an Award entitling the grantee to receive credits based on cash dividends that would have been paid on the shares of Stock specified in the Dividend Equivalent Right (or other award to which it relates) if such shares had been issued to and held by the grantee. A Dividend Equivalent Right may be granted hereunder to any grantee only as a component of Unrestricted Stock Awards, Restricted Stock Awards, Deferred Stock Awards or Performance Share Awards. The terms and conditions of Dividend Equivalent Rights shall be specified in the Award agreement. Dividend equivalents credited to the holder of a Dividend Equivalent Right may be paid currently or may be deemed to be reinvested in additional shares of Stock, which may thereafter accrue additional equivalents. Any such reinvestment shall be at Fair Market Value on the date of reinvestment or such other price as may then apply under a dividend reinvestment plan sponsored by the Company, if any. Dividend Equivalent Rights may be settled in cash or shares of Stock or a combination thereof, in a single installment or installments. A Dividend Equivalent Right granted as a component of another Award may provide that such Dividend Equivalent Right shall be settled upon exercise, settlement, or payment of, or lapse of restrictions on, such other award, and that such Dividend Equivalent Right shall expire or be forfeited or annulled under the same conditions as such other award. A Dividend Equivalent Right granted as a component of another Award may also contain terms and conditions different from such other award.

b) *Interest Equivalents.* Any Award under this Plan that is settled in whole or in part in cash on a deferred basis may provide in the grant for interest equivalents to be credited with respect to such cash payment. Interest equivalents may be compounded and shall be paid upon such terms and conditions as may be specified by the grant.

c) *Termination.* Except as may otherwise be provided by the Administrator either in the Award agreement or, subject to Section 17 below, in writing after the Award agreement is issued, a grantee's rights in all Dividend Equivalent Rights or interest equivalents shall automatically terminate upon the grantee's termination of employment (or cessation of service relationship) with the Company and its Subsidiaries for any reason.

14) *TAX WITHHOLDING*

a) *Payment by Grantee.* Each grantee shall, no later than the date as of which the value of an Award or of any Stock or other amounts received thereunder first becomes includable in the gross income of the grantee for Federal income tax purposes, pay to the Company, or make arrangements satisfactory to the Administrator regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver evidence of book entry (or stock certificates) to any grantee is subject to and conditioned on tax withholding obligations being satisfied by the grantee.

b) *Payment in Stock.* Subject to approval by the Administrator, a grantee may elect to have the Company's minimum required tax withholding obligation satisfied, in whole or in part, by (i) authorizing the Company to withhold from shares of Stock to be issued pursuant to any Award a number of shares with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due, or (ii) transferring to the Company shares of Stock owned by the grantee with an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the withholding amount due.

**Table of Contents**

15) *SECTION 409A AWARDS.*

To the extent that any Award is determined to constitute nonqualified deferred compensation within the meaning of Section 409A (a 409A Award), the Award shall be subject to such additional rules and requirements as specified by the Administrator from time to time in order to comply with Section 409A. In this regard, if any amount under a 409A Award is payable upon a separation from service (within the meaning of Section 409A) to a grantee who is then considered a specified employee (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the grantee's separation from service, or (ii) the grantee's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. Further, the settlement of any such Award may not be accelerated except to the extent permitted by Section 409A.

16) *TRANSFER, LEAVE OF ABSENCE, ETC.*

For purposes of the Plan, the following events shall not be deemed a termination of employment:

- a) a transfer to the employment of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another; or
- b) an approved leave of absence for military service or sickness, or for any other purpose approved by the Company, if the employee's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Administrator otherwise so provides in writing.

17) *AMENDMENTS AND TERMINATION*

The Board may, at any time, amend or discontinue the Plan and the Administrator may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the holder's consent. Except as provided in Section 3(b) or 3(c), in no event may the Administrator exercise its discretion to reduce the exercise price of outstanding Stock Options or Stock Appreciation Rights or effect repricing through cancellation and regrants or by exchanging a Stock Option or Stock Appreciation Right for any other Award, without stockholder approval. If and to the extent determined by the Administrator to be required by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code or to ensure that compensation earned under Awards qualifies as performance-based compensation under Section 162(m) of the Code, if and to the extent intended to so qualify, and to the extent required under the applicable rules of Nasdaq, or such other securities exchange or market system on which the Stock is then principally listed, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 17 shall limit the Administrator's authority to take any action permitted pursuant to Section 3(c).

18) *STATUS OF PLAN*

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Administrator shall otherwise expressly determine in connection with any Award or Awards. In its sole discretion, the Administrator may authorize the creation of trusts or other arrangements to meet the Company's obligations to deliver Stock or make payments with respect to Awards hereunder, provided that the existence of such trusts or other arrangements is consistent with the foregoing sentence.

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**Table of Contents**

19) *CHANGE OF CONTROL PROVISIONS*

Upon the occurrence of a Change of Control as defined in this Section 19:

- a) Except as otherwise provided in the applicable Award agreement, each outstanding Stock Option and Stock Appreciation Right shall automatically become fully exercisable.
- b) Except as otherwise provided in the applicable Award Agreement, conditions and restrictions on each outstanding Restricted Stock Award, Deferred Stock Award and Performance Share Award which relate solely to the passage of time and continued employment will be removed. Performance or other conditions (other than conditions and restrictions relating solely to the passage of time and continued employment) will continue to apply unless otherwise provided in the applicable Award agreement.
- c) Change of Control shall mean the occurrence of any one of the following events:
- i) any Person, as such term is used in Sections 13(d) and 14(d) of the Act (other than the Company, any of its Subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its Subsidiaries), together with all affiliates and associates (as such terms are defined in Rule 12b-2 under the Exchange Act) of such person, shall become the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 25 percent or more of the combined voting power of the Company's then outstanding securities having the right to vote in an election of the Company's Board of Directors ( Voting Securities ) (in such case other than as a result of an acquisition of securities directly from the Company); or
- ii) persons who, as of the Effective Date, constitute the Company's Board of Directors (the Incumbent Directors ) cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board, provided that any person becoming a director of the Company subsequent to the Effective Date shall be considered an Incumbent Director if such person's election was approved by or such person was nominated for election by either (A) a vote of at least a majority of the Incumbent Directors or (B) a vote of at least a majority of the Incumbent Directors who are members of a nominating committee comprised, in the majority, of Incumbent Directors; but provided further, that any such person whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Board of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director; or
- iii) the consummation of a consolidation, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a Corporate Transaction ); excluding, however, a Corporate Transaction in which the stockholders of the Company immediately prior to the Corporate Transaction, would, immediately after the Corporate Transaction, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate more than 50 percent of the voting shares of the corporation issuing cash or securities in the Corporate Transaction (or of its ultimate parent corporation, if any); or
- iv) the approval by the stockholders of any plan or proposal for the liquidation or dissolution of the Company.

Notwithstanding the foregoing, a Change of Control shall not be deemed to have occurred for purposes of the foregoing clause (i) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Voting Securities outstanding, increases the proportionate number of shares of Voting Securities beneficially owned by any person to 25 percent or more of the combined voting power of all then outstanding Voting Securities; *provided, however*, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities (other than pursuant to a stock split,

**Table of Contents**

stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns 25 percent or more of the combined voting power of all then outstanding Voting Securities, then a Change of Control shall be deemed to have occurred for purposes of the foregoing clause (i).

20) *GENERAL PROVISIONS*

a) *No Distribution; Compliance with Legal Requirements.* The Administrator may require each person acquiring Stock pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the shares without a view to distribution thereof.

No shares of Stock shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Administrator may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

b) *Delivery of Stock Certificates.* Stock certificates to grantees under this Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a Stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic book entry records). Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing shares of Stock pursuant to the exercise of any Award, unless and until the Administrator has determined, with advice of counsel (to the extent the Administrator deems such advice necessary or advisable), that the issuance and delivery of such certificates is in compliance with all applicable laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the shares of Stock are listed, quoted or traded. All Stock certificates delivered pursuant to the Plan shall be subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with federal, state or foreign jurisdiction, securities or other laws, rules and quotation system on which the Stock is listed, quoted or traded. The Administrator may place legends on any Stock certificate to reference restrictions applicable to the Stock. In addition to the terms and conditions provided herein, the Administrator may require that an individual make such reasonable covenants, agreements, and representations as the Administrator, in its discretion, deems necessary or advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any individual to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator.

c) *Stockholder Rights.* Until Stock is deemed delivered in accordance with Section 20(b), no right to vote or receive dividends or any other rights of a stockholder will exist with respect to shares of Stock to be issued in connection with an Award, notwithstanding the exercise of a Stock Option or any other action by the grantee with respect to an Award.

d) *Other Compensation Arrangements; No Employment Rights.* Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, including trusts, and such arrangements may be either generally applicable or applicable only in specific cases. The adoption of this Plan and the grant of Awards do not confer upon any employee any right to continued employment with the Company or any Subsidiary.

e) *Trading Policy Restrictions.* Option exercises and other Awards under the Plan shall be subject to such Company's insider trading policy, as in effect from time to time.



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**Table of Contents**

f) *Forfeiture of Awards under Sarbanes-Oxley Act.* If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, then, to the extent required by law, any grantee who is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 shall reimburse the Company for the amount of any Award received by such individual under the Plan during the 12-month period following the first public issuance or filing with the United States Securities and Exchange Commission, as the case may be, of the financial document embodying such financial reporting requirement.

g) *Designation of Beneficiary.* Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Administrator and shall not be effective until received by the Administrator. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

21) *EFFECTIVE DATE OF PLAN*

This Plan shall become effective upon approval by the holders of a majority of the votes cast at a meeting of stockholders at which a quorum is present. Subject to such approval by the stockholders and to the requirement that no Stock may be issued hereunder prior to such approval, Stock Options and other Awards may be granted hereunder on and after adoption of this Plan by the Board. No Incentive Stock Options may be granted under the Plan after the 10-year anniversary of the most recent prior date on which the Plan was approved by the Board of Directors (provided that the Plan was approved by stockholders within one year of such date) and no other Award may be granted under the Plan after the 10-year anniversary of the most recent prior date on which the Plan was approved by stockholders.

22) *GOVERNING LAW*

This Plan and all Awards and actions taken thereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware, applied without regard to conflict of law principles.

DATE APPROVED BY BOARD OF DIRECTORS: October 26, 2000

DATE APPROVED BY STOCKHOLDERS: November 29, 2000

DATE AMENDMENT AND RESTATEMENT APPROVED BY BOARD OF DIRECTORS: April 5, 2006

DATE AMENDMENT AND RESTATEMENT APPROVED BY STOCKHOLDERS: May 18, 2006

DATE SECOND AMENDMENT AND RESTATEMENT APPROVED BY BOARD OF DIRECTORS: April 10, 2008

DATE SECOND AMENDMENT AND RESTATEMENT APPROVED BY STOCKHOLDERS: May 15, 2008

DATE FIRST AMENDMENT TO SECOND AMENDED AND RESTATED 2000 STOCK OPTION AND INCENTIVE PLAN APPROVED BY BOARD OF DIRECTORS: February 24, 2009

DATE THIRD AMENDMENT AND RESTATEMENT APPROVED BY BOARD OF DIRECTORS: April 13, 2011

DATE THIRD AMENDMENT AND RESTATEMENT APPROVED BY STOCKHOLDERS: [                      , 2011]

**Table of Contents**

HARVARD BIOSCIENCE, INC.  
 84 OCTOBER HILL ROAD  
 HOLLISTON, MA 01746-1371

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

	<b>For All</b>	<b>Withhold All</b>	<b>For All Except</b>	To withhold authority to vote for any individual nominee(s), mark <b>For All Except</b> and write the number(s) of the nominee(s) on the line below.
<b>The Board of Directors recommends you vote FOR the following:</b>	..	..	..	

1. Election of Directors

**Nominees**

01 David Green      02 John F. Kennedy

**For    Against    Abstain**

## Edgar Filing: HARVARD BIOSCIENCE INC - Form DEF 14A

### The Board of Directors recommends you vote FOR proposals 2, 3 and 4:

- |  |    |    |    |
|--|----|----|----|
| 2. To approve the Harvard Bioscience, Inc. Third Amended and Restated 2000 Stock Option and Incentive Plan to, among other things, increase the number of shares available for issuance thereunder by 3,700,000. | .. | .. | .. |
| 3. To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011.  | .. | .. | .. |
| 4. Approval, by a non-binding advisory vote, of the compensation of Harvard Bioscience, Inc.'s named executive officers.   | .. | .. | .. |
- 1 year 2 years 3 years Abstain**

### The Board of Directors recommend you vote 1 YEAR on the following proposal:

- |   |    |    |    |    |
|---|----|----|----|----|
| 5. Recommendation, by a non-binding advisory vote, of the frequency of the shareholder vote to approve the compensation of Harvard Bioscience, Inc.'s named executive officers. | .. | .. | .. | .. |
|---|----|----|----|----|

**NOTE:** Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]      Date  
0000103575\_1      R1.0.0.11699

Signature (Joint Owners)      Date

**Table of Contents**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:** The Notice & Proxy Statement, Annual Report is/are available at [www.proxyvote.com](http://www.proxyvote.com).

**HARVARD BIOSCIENCE, INC.**

**Annual Meeting of Shareholders**

**May 25, 2011 11:00 AM**

**This proxy is solicited by the Board of Directors**

The shareholder(s) hereby appoint(s) Chane Graziano, David Green and Thomas McNaughton, or either of them, as proxies, each with the power to appoint (his/her) substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of Common Stock of HARVARD BIOSCIENCE, INC. that the shareholder(s) is/are entitled to vote at the Annual Meeting of shareholders to be held at 11:00 AM, EDT on May 25, 2011, at the offices of Burns & Levinson LLP, 125 Summer Street, Boston, Massachusetts 02110, and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Continued and to be signed on reverse side**

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