

HARVARD BIOSCIENCE INC  
Form DEF 14A  
April 13, 2009  
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**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.**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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(1) Amount previously paid:

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

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(3) Filing Party:

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(4) Date Filed:

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**HARVARD BIOSCIENCE, INC.**

**84 October Hill Road**

**Holliston, Massachusetts 01746-1371**

April 13, 2009

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Harvard Bioscience, Inc. (the Annual Meeting ) to be held on Thursday, May 14, 2009 at 11:00 a.m. Boston time, at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts 02109.

The Annual Meeting has been called for the purpose of (i) electing three Class III Directors, nominated by the Board of Directors, for three-year terms, such terms to continue until the annual meeting of stockholders in 2012 and until such Directors' successors are duly elected and qualified or until their earlier resignation or removal; and (ii) to consider and vote upon 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 31, 2009 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.

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.

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE AS PROMPTLY AS POSSIBLE. IF YOU ATTEND THE MEETING, YOU MAY DECIDE TO CONTINUE TO HAVE YOUR SHARES VOTED AS YOU INSTRUCTED IN THE PROXY CARD OR YOU MAY WITHDRAW YOUR PREVIOUSLY COMPLETED PROXY AND VOTE YOUR SHARES IN PERSON.**

Sincerely,

Chane Graziano

*Chairman and Chief Executive Officer*

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**HARVARD BIOSCIENCE, INC.**

**84 October Hill Road**

**Holliston, Massachusetts 01746-1371**

**(508) 893-8999**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held on Thursday, May 14, 2009**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Harvard Bioscience, Inc. will be held on Thursday, May 14, 2009, at 11:00 a.m. Boston time, at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts 02109 (the Annual Meeting ), for the purpose of considering and voting upon:

1. The election of three Class III Directors, nominated by the Board of Directors, for three-year terms, such terms to continue until the annual meeting of stockholders in 2012 and until such Directors' successors are duly elected and qualified or until their earlier resignation or removal; and

2. Such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof. Proposal 1 above relates solely to the election of three Class III Directors, nominated by the Board of Directors and does not include any other matters relating to the election of Directors, including without limitation, the election of Directors nominated by any stockholder of the Corporation.

The Board of Directors has fixed the close of business on March 31, 2009 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.

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.

By Order of the Board of Directors,

Chane Graziano

*Secretary, Chairman and Chief Executive Officer*

Holliston, Massachusetts

April 13, 2009

**YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE AS PROMPTLY AS POSSIBLE. IF YOU ATTEND THE MEETING, YOU MAY DECIDE TO CONTINUE TO HAVE YOUR SHARES VOTED AS YOU INSTRUCTED IN THE PROXY CARD OR YOU MAY WITHDRAW YOUR PREVIOUSLY COMPLETED PROXY AND VOTE YOUR SHARES IN PERSON.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on Thursday, May 14, 2009:**

**The Proxy Statement and 2008 Annual Report, which includes the Annual Report on Form 10-K, are available at [www.harvardbioscience.com/eproxy](http://www.harvardbioscience.com/eproxy).**

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**Harvard Bioscience, Inc.**

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**HARVARD BIOSCIENCE, INC.**

**84 October Hill Road**

**Holliston, Massachusetts 01746-1371**

**(508) 893-8999**

**PROXY STATEMENT**

**Annual Meeting of Stockholders to Be Held on Thursday, May 14, 2009**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Harvard Bioscience, Inc. (the Company) for use at the Annual Meeting of Stockholders of the Company to be held on Thursday, May 14, 2009 at 11:00 a.m. Boston time, at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts 02109, and any adjournments or postponements thereof (the Annual Meeting). At the Annual Meeting, the stockholders of the Company will be asked to consider and vote upon:

1. The election of three Class III Directors, nominated by the Board of Directors, for three-year terms, such terms to continue until the annual meeting of stockholders in 2012 and until such Directors' successors are duly elected and qualified or until their earlier resignation or removal; and

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

The Notice of Annual Meeting, Proxy Statement and Proxy Card are first being mailed to stockholders of the Company on or about April 13, 2009, in connection with the solicitation of proxies for the Annual Meeting. The Board of Directors has fixed the close of business on March 31, 2009 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 29,801,405 shares of Common Stock outstanding and entitled to vote at the Annual Meeting and approximately 202 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 Annual Meeting. Shares held of record by stockholders or their nominees who do not return a signed and dated proxy 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. Directors are elected by a plurality of the votes cast if a quorum is present. 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 three persons receiving the highest number of FOR votes will be elected as Directors. Abstentions and broker non-votes will be counted for the purpose of determining a quorum, but will not be counted for the purpose of determining the number of votes cast on a given proposal. Because Directors are elected by plurality, abstentions and broker non-votes will be entirely excluded from the vote to elect Directors and will have no effect on its outcome.

We encourage you to vote 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

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likelihood that the Company will be forced to incur additional expenses soliciting proxies for the Annual Meeting.

Any record holder as of the Record Date may attend the Annual Meeting in person and may revoke the enclosed proxy at any time by: (i) executing and delivering to the corporate secretary a later-dated proxy; (ii) delivering a written revocation to the corporate secretary before the meeting; or (iii) voting in person at the Annual Meeting.

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.

**Stockholders of the Company are requested to complete, date, sign and return the accompanying Proxy Card in the enclosed envelope. Common Stock represented by properly executed proxies received by the Company and not revoked will be voted at the Annual Meeting in accordance with the instructions contained therein. If instructions to the contrary are not given therein, properly executed proxies will be voted FOR the election of the nominees for Director listed in this Proxy Statement. If other matters are presented, proxies will be voted in accordance with the discretion of the proxy holders.**

The 2008 Annual Report to Shareholders of the Company, including consolidated financial statements for the year ended December 31, 2008, is being mailed to stockholders of the Company concurrently with this Proxy Statement. The Annual Report, however, is not part of the proxy solicitation material.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on May 14, 2009:**

**The Proxy Statement and 2008 Annual Report, including the Annual Report on Form 10-K, are available at [www.harvardbioscience.com/eproxy](http://www.harvardbioscience.com/eproxy).**

**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 the Company's stockholders at each annual meeting to succeed the Directors of the same class whose terms are then expiring.

At the Annual Meeting, three Class III Directors will stand for re-election to serve until the 2012 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 Chane Graziano, Earl R. Lewis and George Uveges for election as the Class III 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 Messrs. Chane Graziano, Earl R. Lewis and George Uveges. The nominees have agreed to stand for election and, if 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.

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**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 III 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: CHANE GRAZIANO, EARL R. LEWIS AND GEORGE UVEGES. 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 III Directors who have been nominated for election at the Annual Meeting, based on information furnished to the Company by each Director. 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 following information is current as of February 27, 2009:

**Directors of Harvard Bioscience, Inc.**

Name	Age	Position with the Company	Director Since
<b>Class I Directors Term expires 2010</b>			
<i>Robert Dishman</i> (2)(3)	64	Director	2000
<i>Neal J. Harte</i> (1)(3)	65	Director	2004
<b>Class II Directors Term expires 2011</b>			
<i>David Green</i>	44	President and Director	1996
<i>John F. Kennedy</i> (1)(2)	60	Director	2000
<b>Class III Directors Term expires 2009; Nominated to Serve a Term Expiring in 2012</b>			
<i>Chane Graziano</i> *	70	Chairman and Chief Executive Officer	1996
<i>Earl R. Lewis</i> * (2)(3)	65	Director	2000
<i>George Uveges</i> * (1)	61	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 III Directors Nominated to Serve a Term Expiring in 2012*

*Chane Graziano* has served as the Company's Chairman of the Board of Directors and Chief Executive Officer 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 45 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.

*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) beginning in 1986 and was subsequently named President in 1997.

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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, Inc., NxStage Medical Inc. and Flir Systems, Inc. Mr. Lewis also serves on the Board of Trustees of Clarkson University and New Hampton School.

*George Uveges* has served as a Director of the Company since March 2006 and is Chairman of the Audit Committee. Mr. Uveges has served as the founder and principal in 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 serves on the Board of Directors of Microfluidics International Corporation. Mr. Uveges 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.

### *Incumbent Class II Directors Term Expires 2011*

*David Green* has served as the Company's 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 serves on the Board of Directors of the Harvard Business School Healthcare Industry Alumni Association, the Advisory Board of the Harvard Business School Student Healthcare Club 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.

*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 serves on the Board of Directors of Human Education Capital Corporation. Mr. Kennedy holds an M.S.B.A. in Accounting from the University of Massachusetts Amherst.

### *Incumbent Class I Directors Term Expires 2010*

*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. Since 2007, Mr. Dishman has served as Manager of BioFlash Partners LLC and CEO of Tarpon Biosystems Inc., which are start-up private companies involved in the purification of biopharmaceuticals. Mr. Dishman has also served as the Chief Executive Officer and President of Molecular Recognition, Inc., a private investment company, since

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2002. From 2000 to 2002, Mr. Dishman had served as the Chief Executive Officer of Serenex, Inc., an integrated oncology-focused drug discovery and development company. From 1994 to 2000, Mr. Dishman served in various positions with Dyax Corp (formerly Biotage, Inc.), a biological research and drug discovery company, including Executive Vice President and Director of Dyax Corp and President of Dyax Separations Division, a manufacturer and distributor of chemical separations products. Mr. Dishman currently serves on the Board of Directors of BioFlash Partners LLC, Tarpon Biosystems Inc. and BioSystems Development, Inc. Mr. Dishman holds a Ph.D. in Analytical Chemistry from the University of Massachusetts Amherst.

*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 Vitale, 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 holds a B.S. degree in accounting from Boston College and holds a M.S. in taxation from Bentley College.

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

During the year ended December 31, 2008, the Board of Directors of the Company held eight meetings and each of the Directors attended at least 75% 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, either in person or by telephone, the 2008 Annual Meeting of Stockholders, which was held on May 15, 2008.

The non-employee Directors meet regularly in executive sessions outside the presence of management. The Board of Directors appointed Mr. Lewis as the Lead Director in November 2008 to 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.

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 operates under a written charter that sets forth its duties and responsibilities. In February 2009, the Board of Directors, upon recommendation of the Audit Committee, adopted a revised Audit Committee Charter to comply with the Public Company Accounting Oversight Board Rule 3526. The purposes of the Audit Committee are to oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements; take, or recommend that the Board of Directors take, appropriate action to oversee the qualifications, independence and performance of the Company's independent registered public accounting firm; and prepare the report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

In accordance with its charter, the Audit Committee, among other things, approves the engagement of the independent registered public accounting firm, reviews the plans and results of the audit engagement with the independent registered public accounting firm, approves professional services provided by the independent auditors, reviews the independence of the independent registered public accounting firm, considers the range of

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audit and non-audit fees, reviews the adequacy of the Company's internal control over financial reporting and performs such other oversight functions as may be requested from time to time by the Board of Directors.

The Audit Committee currently consists of Messrs. Harte, Kennedy and Uveges. Mr. Uveges serves as the Chairman. 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 met nine times during the year ended December 31, 2008.

The Audit Committee Charter is available on the Corporate Governance page in the Investor Relations section of the Company's 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.

### *Compensation Committee*

The Compensation Committee operates under a written charter that sets forth its duties and responsibilities. The Compensation Committee reviews and recommends the compensation arrangements for the Company's senior executive officers, determines the options or stock to be granted to eligible persons under the Company's Second Amended and Restated 2000 Stock Option and Incentive Plan and takes such other action as may be required in connection with the Company's compensation and incentive plans.

The Compensation Committee currently consists of Messrs. Dishman, Kennedy and Lewis. Mr. Dishman serves as the Chairman. The Board of Directors has determined that Messrs. Dishman, Kennedy and Lewis are independent as such term is currently defined in the Nasdaq listing standards. The Compensation Committee met five times and took action by unanimous consent on three occasions during the year ended December 31, 2008.

The Compensation Committee Charter is available on the Corporate Governance page in the Investor Relations section of the Company's 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 Governance Committee operates under a written charter that sets forth its duties and responsibilities. In accordance with 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. The Governance Committee also recommends to the Board of Directors 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 Securityholders Recommendations for Director Candidates beginning on page 21 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.

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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, 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. 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 and whether the nominee, if elected, assists in achieving a mix of Board members that represents a diversity of background and experience.

The current members of the Governance Committee are Messrs. Dishman, Harte and Lewis. Mr. Lewis is the Chairman. The Board of Directors has determined that Messrs. Dishman, Harte and Lewis are independent as such term is currently defined by NASDAQ rules. The Governance Committee met two times and took action by unanimous consent on one occasion during the year ended December 31, 2008.

The Governance Committee Charter is available on the Corporate Governance page in the Investor Relations section of the Company's 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.



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**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, 2008 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, 2008.
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 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, 2008 for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee:

George Uveges, Chairman

John F. Kennedy

Neal J. Harte

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**DIRECTOR COMPENSATION**

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on its 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 the Company's 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 and an annual retainer of \$12,000 paid in four equal quarterly installments.

In February 2009, the Compensation Committee recommended certain changes in non-employee Director compensation, which were approved by the Board of Directors effective as of January 1, 2009. In addition to the non-qualified stock option to purchase 25,000 shares of the Company's stock upon initial election to the Board of Directors and the \$12,000 retainer described above, each non-employee Director is entitled to receive a non-qualified stock option to purchase a number of shares of the Company's 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 the Corporation's 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 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.

Prior to the changes made by the Board of Directors to non-employee Director compensation in February 2009, each non-employee Director was entitled to receive, in addition to the non-qualified stock option to purchase 25,000 shares of the Company's Common Stock upon initial election to the Board of Directors and the annual \$12,000 retainer, a non-qualified stock option to purchase 2,500 shares of the Company's Common Stock 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 was entitled to receive an additional annual retainer of \$6,000 paid in four equal quarterly installments and an option to purchase 2,500 shares of the Company's Common Stock 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 Compensation Committee was entitled to receive an additional annual retainer of \$2,000 paid in four equal quarterly installments. Each non-employee member of the Governance Committee was entitled to receive an additional annual retainer of \$2,000 paid in four equal quarterly installments. In addition, each Committee Chairman was entitled to receive an additional retainer of \$2,000 paid in four equal quarterly installments.

**Table of Contents****Director Compensation Table**

The following table presents the compensation provided by the Company to the non-employee Directors who served during the year ended December 31, 2008.

Name (1)	Fees Earned or Paid in Cash	Option Awards (2)	Total
<i>Robert Dishman (3)</i>	\$ 18,000	\$ 6,730	\$ 24,730
<i>Neal J. Harte (4)</i>	20,000	13,449	33,449
<i>John F. Kennedy (5)</i>	21,000	13,449	34,449
<i>Earl R. Lewis (6)</i>	18,000	6,725	24,725
<i>George Uveges (7)</i>	19,000	39,014	58,014

- (1) Chane Graziano, the Company's Chairman of the Board and Chief Executive Officer and David Green, the Company's 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 are shown in the Summary Compensation Table on page 12.
- (2) Amounts shown do not reflect compensation actually received by the Directors. Instead the amounts shown, reflect the dollar amount recognized for financial statement reporting purposes for the year ended December 31, 2008 in accordance with Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share-Based Payment*, disregarding the estimate of forfeitures. These compensation costs reflect option awards granted in and prior to fiscal 2008. Assumptions used in the calculation of this amount are included in Note 16 to the Company's consolidated financial statements for the fiscal year ended December 31, 2008, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 11, 2009.
- (3) The grant date fair value, disregarding the estimate of forfeitures, of the option to purchase 2,500 shares of the Company's Common Stock granted to Mr. Dishman on May 22, 2008 was \$6,399. As of December 31, 2008, Mr. Dishman held 70,000 options to purchase shares of the Company's Common Stock.
- (4) The grant date fair value, disregarding the estimate of forfeitures, of the option to purchase 5,000 shares of the Company's Common Stock granted to Mr. Harte on May 22, 2008 was \$12,798. As of December 31, 2008, Mr. Harte held 57,500 options to purchase shares of the Company's Common Stock.
- (5) The grant date fair value, disregarding the estimate of forfeitures, of the option to purchase 5,000 shares of the Company's Common Stock granted to Mr. Kennedy on May 22, 2008 was \$12,798. As of December 31, 2008, Mr. Kennedy held 80,000 options to purchase shares of the Company's Common Stock.
- (6) The grant date fair value, disregarding the estimate of forfeitures, of the option to purchase 2,500 shares of the Company's Common Stock granted to Mr. Lewis on May 22, 2008 was \$6,399. As of December 31, 2008, Mr. Lewis held 62,500 options to purchase shares of the Company's Common Stock.
- (7) The grant date fair value, disregarding the estimate of forfeitures, of the option to purchase 5,000 shares of the Company's Common Stock granted to Mr. Uveges on May 22, 2008 was \$12,798. As of December 31, 2008, Mr. Uveges held 40,000 options to purchase shares of the Company's Common Stock.

**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.

This Compensation Discussion and Analysis explains our compensation objectives, policies and practices with respect to our Chairman and Chief Executive Officer, our current and former Chief Financial Officers, and our other two most highly-compensated executive officers as determined in accordance with applicable SEC

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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, our Chief Financial Officer and Treasurer, who was appointed Chief Financial Officer by the Company on November 14, 2008; David Green, President; Susan M. Luscinski, Chief Operating Officer; and Bryce A. Chicoyne, who was our Chief Financial Officer and Treasurer prior to his resignation on May 9, 2008.

### ***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, 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, a division of Aon Consulting Inc., in the nationally recognized Radford Global Life Sciences Survey (formerly the Biotechnology 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 650 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.

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

### ***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.

In 2008, we increased the base salaries of our named executive officers as follows: Mr. Graziano's base salary increased from \$510,000 to \$535,500 per year, Mr. Green's base salary increased from \$420,000 to \$441,000 per year, Ms. Luscinski's base salary increased from \$262,500 to \$275,625 per year, and



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Mr. Chicoyne's base salary increased from \$220,000 to \$231,000 per year. The base salaries of our executives generally reflected approximately 5% increases. Mr. McNaughton's base salary is \$235,000. It is our goal to maintain 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 initial base salaries that we negotiated with our executives were 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 similarly situated companies and our historical practices.

Since the Company did not meet or exceed non-GAAP earnings per share growth targets for 2008, our executives earned no bonuses for 2008.

### ***Employment Agreements***

We have entered into employment agreements with Messrs. Graziano, McNaughton and 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 such 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.

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### *Long-Term Equity Incentive Compensation*

We grant long-term equity incentive awards in the form of stock options 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. Currently, we have elected to use stock options as opposed to restricted stock or other forms of equity awards because they derive value exclusively from increases in stockholder value. 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.

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. Stock option awards are made pursuant to our Second Amended Restated 2000 Stock Option and Incentive Plan, or our 2000 Plan. See [Potential Payments Upon Termination or Change-in-Control](#) for a discussion of the change-in-control provisions related to stock options.

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.

We have granted all of our stock options to executives as incentive stock options under Section 422 of the Internal Revenue Code of 1986, as amended, to the extent permitted under the Internal Revenue Code, with the exception of Mr. Graziano. Generally, for stock options that do not qualify as incentive stock options, we are entitled to a tax deduction in the year in which the stock options are exercised equal to the spread between the exercise price and the fair market value of the stock for which the stock option was exercised. The holders of these stock options are generally taxed on this same amount in the year of exercise. For stock options that qualify as incentive stock options, we do not receive a tax deduction and the holder of the stock option may receive more favorable tax treatment than he or she would for a non-qualified stock option. Historically, we have granted primarily incentive stock options in order to provide these potential tax benefits to our executives and other employees.

In 2008, we granted stock options to our named executive officers as follows: Mr. Graziano 300,000 non-qualified stock options, Mr. McNaughton 100,000 incentive stock options, Mr. Green 200,000 incentive stock options and Ms. Luscinski 100,000 incentive stock options. 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. The face value of the awards for each of our named executive officers, calculated by multiplying the number of shares by the exercise price, was approximately based on the average face value of the option grants made by the companies in our peer group for executives performing similar roles. 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, particularly in deciding to make grants of an equal number of shares to Ms. Luscinski and Mr. McNaughton.

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

All full-time employees in the United States, including our named executive officers, may participate 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.

### **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 2008, 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 2008. 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 2008, 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. Since the Company did not meet or exceed non-GAAP earnings per share growth targets for 2008, our executives earned no bonuses in 2008.

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 2009, our Compensation Committee recommended certain changes in non-employee Director Compensation. The previous modification to non-employee Director compensation was May 2005.



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**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, 2008.

Compensation Committee:

Robert Dishman, Chairman

John F. Kennedy

Earl R. Lewis

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

In October 2008, John F. Kennedy retired as the President and Chief Financial Officer of Nova Ventures Corporation. Chane Graziano, our Chairman and Chief Executive Officer, has served on the Board of Directors of Nova Holdings LLC and certain of its subsidiaries, including Nova Ventures Corporation, since March 2003.

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

The table below summarizes the total compensation paid or earned by each of the named executive officers for the fiscal years ended December 31, 2008, 2007 and 2006 for services rendered in all capacities, by our Chairman and Chief Executive Officer, our current and former Chief Financial Officers and the two other most highly compensated executive officers during the fiscal years ended December 31, 2008, 2007 and 2006.

Name and Principal Position	Year	Salary (\$)	Option Awards (\$)(1)	Non-Equity Incentive Plan Compensation (\$)(2)	All Other Compensation (\$)	Total (\$)
<i>Chane Graziano</i>	2008	\$ 535,500	\$ 614,231	\$	\$ 27,856(3)	\$ 1,177,587
Chairman and Chief Executive Officer	2007	510,000	625,293	154,074	26,601(4)	1,315,968
	2006	486,000	464,447	282,000	14,591(5)	1,247,038
<i>Thomas McNaughton (6)</i>	2008	66,885	5,385			72,270
Chief Financial Officer and Treasurer						
<i>David Green</i>	2008	441,000	406,699		21,412(7)	869,111
President	2007	420,000	429,823	126,967	21,717(8)	998,507
	2006	400,000	355,364	233,000	22,040(9)	1,010,404
<i>Susan M. Luscinski</i>	2008	275,625	201,576		10,832(10)	488,033
Chief Operating Officer	2007	262,500	210,699	52,903	11,078(10)	537,180
	2006	250,000	169,492	73,000	10,751(10)	503,243
<i>Bryce A. Chicoyne (11)</i>	2008	83,450	(116,956)		4,212(12)	(29,294)
Formerly Chief Financial Officer and Treasurer	2007	220,000	215,382	44,338	7,808(12)	487,528
	2006	200,000	148,115	59,000	7,500(12)	414,615

- (1) Based on the dollar amount recognized for financial statement reporting purposes with respect to the year ended December 31, 2008, 2007 and 2006 in accordance with SFAS No. 123(R), disregarding the estimate of forfeitures. Assumptions used in the calculation of this amount are included in Note 16 to the Company's audited financial statements for the fiscal year ended December 31, 2008, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 11, 2009. Upon Mr. Chicoyne's resignation on May 9, 2008, he forfeited stock options to purchase 162,500 shares of Common Stock that had not yet vested. The amount for Mr. Chicoyne for 2008 equals (a) the dollar amount recognized for financial statement reporting purposes with respect to the year ended December 31, 2008 in accordance with SFAS No. 123(R), disregarding the estimate of forfeitures, which was \$213,280, less (b) the dollar amount that had been recognized for financial statement reporting purposes with respect to the years ended December 31, 2008, 2007 and 2006 in accordance with SFAS No. 123(R), disregarding the estimate of forfeitures, with respect to the stock options that Mr. Chicoyne forfeited upon his resignation, which amount was \$330,236.
- (2) For 2007 and 2006, these amounts reflect the cash awards to the named executive officers under the 2007 and 2006 Corporate Bonus Plans. Our executives earned no bonuses for 2008.
- (3) 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 the Company to Mr. Graziano's tax-qualified 401(k) Savings Plan account and \$10,620 representing life insurance purchased for Mr. Graziano's benefit.
- (4) Includes \$3,530 for personal usage of Company owned automobile (as calculated in accordance with Internal Revenue Service guidelines and included as compensation on the W-2), \$12,451 in matching contributions made by the Company to Mr. Graziano's tax-qualified 401(k) Savings Plan account and \$10,620 representing life insurance purchased for Mr. Graziano's benefit.

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- (5) Includes \$2,578 for personal usage of Company owned automobile (as calculated in accordance with Internal Revenue Service guidelines and included as compensation on the W-2) and \$12,013 in matching contributions made by the Company to Mr. Graziano's tax-qualified 401(k) Savings Plan account.
- (6) Mr. McNaughton was appointed Chief Financial Officer on November 14, 2008.
- (7) 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 the Company to Mr. Green's tax qualified 401(k) Savings Plan account and \$540 representing life insurance purchased for Mr. Green's benefit.
- (8) 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), \$11,629 in matching contributions made by the Company to Mr. Green's tax qualified 401(k) Savings Plan account and \$540 representing life insurance purchased for Mr. Green's benefit.
- (9) Includes \$8,864 for personal usage of Company owned automobile (as calculated in accordance with Internal Revenue Service guidelines and included as compensation on the W-2), \$11,308 in matching contributions made by the Company to Mr. Green's tax qualified 401(k) Savings Plan account and \$1,868 representing life insurance purchased for Mr. Green's benefit.
- (10) Amount represents matching contributions made by the Company to Ms. Luscinski's tax-qualified 401(k) Savings Plan account.
- (11) Mr. Chicoyne resigned effective May 9, 2008.
- (12) Amount represents matching contributions made by the Company to Mr. Chicoyne's tax-qualified 401(k) Savings Plan account.

**Table of Contents****GRANTS OF PLAN-BASED AWARDS 2008**

The following table sets forth certain information concerning the individual grant of options to purchase Common Stock to the named executive officer who received such grants during the fiscal year ended December 31, 2008. The exercise price for each stock option equals the closing market price on the date of grant as reported on the NASDAQ Global Market. The option awards identified in the table below are also reported in the Outstanding Equity Awards at Fiscal Year-End 2008 Table on page 14.

<b>Name</b>	<b>Grant Date</b>	<b>All Other Option Awards; Number of Securities Underlying Options (#)</b>	<b>Exercise or Base Price of Option Awards (\$)</b>	<b>Grant Date Fair Value of Stock and Option Awards (\$)(3)</b>
<i>Chane Graziano (1)</i>	12/4/2008	300,000	\$ 1.99	\$ 335,790
<i>Thomas McNaughton (2)</i>	11/14/2008	100,000	\$ 2.82	\$ 160,630
<i>David Green (1)</i>	12/4/2008	200,000	\$ 1.99	\$ 223,860
<i>Susan M. Luscinski (1)</i>	12/4/2008	100,000	\$ 1.99	\$ 111,930

- (1) The options become exercisable in four equal annual installments on each of the first four anniversaries of January 1, 2008. All options are subject to the executive's continued employment.
- (2) The options become exercisable in four equal annual installments on each of the first four anniversaries of September 16, 2008. All options are subject to the executive's continued employment.
- (3) Based on the aggregate grant date fair value computed in accordance with SFAS No. 123(R). Assumptions used in the calculation of this amount are included in Note 16 to the Company's audited financial statements for the fiscal year ended December 31, 2008, included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 11, 2009.

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

The Company's 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***

The bonuses paid to our named executive officers under a corporate bonus plan are reported as Non-Equity Incentive Plan Compensation in the Summary Compensation Table. Since the Company did not meet or exceed non-GAAP earnings per share growth targets for 2008, our executives earned no bonuses in 2008.

***2008 Stock Option Grants***

In 2008, the Company granted stock options to the named executive officers under the Company's Second Amended and Restated 2000 Stock Option and Incentive Plan, as described in the tables above. Each stock option granted has a term of ten years. Generally, stock options vest in four equal installments on each of the first four anniversaries of January 1, 2008, subject to continued employment. To the extent vested, each stock option is exercisable during the term of the option while the grantee is employed by us and for a period of 30 days thereafter, unless such termination is upon death or disability, in which case the grantee may continue to exercise the option for a period of three months, or for cause, in which case the option terminates immediately. Vesting of these stock options is also subject to acceleration in connection with a change-in-control as described in Potential Payments Upon Termination or Change-in-Control.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2008**

The following table sets forth information concerning the number and value of exercisable and unexercisable options to purchase Common Stock held by the named executive officers who held such options as of December 31, 2008.

**Outstanding Equity Awards at Fiscal Year-End 2008**

	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Awards		Option Exercise Price (\$)	Option Expiration Date
		Number of Securities Underlying Unexercised Options (#) Unexercisable			
<i>Chane Graziano</i>		300,000(1)		\$ 1.99	12/4/2018
	75,000	225,000(2)		\$ 5.57	5/1/2017
	150,000	150,000(3)		\$ 4.28	8/9/2016
	93,750	31,250(4)		\$ 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	1/7/2012
	1,043,750	706,250			
<i>Thomas McNaughton</i>		100,000(5)		\$ 2.82	11/14/2018
		100,000			
<i>David Green</i>		200,000(1)		\$ 1.99	12/4/2018
	50,000	150,000(2)		\$ 5.57	5/1/2017
	100,000	100,000(3)		\$ 4.28	8/9/2016
	93,750	31,250(4)		\$ 2.98	5/25/2015
	200,000			\$ 7.99	3/25/2014
	200,000			\$ 3.16	4/8/2013
	200,000			\$ 7.92	1/7/2012
	843,750	481,250			
<i>Susan M. Luscinski</i>		100,000(1)		\$ 1.99	12/4/2018
	25,000	75,000(2)		\$ 5.57	5/1/2017
	50,000	50,000(3)		\$ 4.28	8/9/2016
	37,500	12,500(4)		\$ 2.98	5/25/2015
	100,000			\$ 7.99	3/25/2014
	100,000			\$ 3.16	4/8/2013
	100,000			\$ 7.92	1/7/2012
	98,550			\$ 1.05	1/1/2010
	511,050	237,500			
<i>Bryce A. Chicoyne</i>					

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- (1) The option, also reported in the Grants of Plan-Based Awards Table on page 13, was granted on December 4, 2008 and, assuming continued employment with the Company, the shares become exercisable on January 1 of each of 2009, 2010, 2011 and 2012.
- (2) The option was granted on May 1, 2007 and, assuming continued employment with the Company, the shares become exercisable on January 1 of each of 2009, 2010 and 2011.

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- (3) The option was granted on August 9, 2006 and, assuming continued employment with the Company, the shares become exercisable on January 1 of each of 2009 and 2010.
- (4) The option was granted on May 25, 2005 and, assuming continued employment with the Company, the shares become exercisable on January 1, 2009.
- (5) The option was granted on November 14, 2008 and, assuming continued employment with the Company, the shares become exercisable on September 16 of each of 2009, 2010, 2011 and 2012.

**OPTION EXERCISES AND STOCK VESTED TABLE 2008**

The following table sets forth the exercises of stock options by our named executive officers during the fiscal year ended December 31, 2008 as well as the value realized upon such exercise. The value realized on exercise is the product of (1) the fair market value of a share of Common Stock on the date of exercise minus the exercise price, multiplied by (2) the number of shares of Common Stock underlying exercised options. The value realized is before payment of any applicable withholding tax and brokerage commissions.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
<i>Chane Graziano</i>		\$
<i>Thomas McNaughton</i>		
<i>David Green</i>		
<i>Susan M. Luscinski</i>		
<i>Bryce A. Chicoyne (1)</i>	87,500	102,062

- (1) Mr. Chicoyne resigned effective May 9, 2008.

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

In December 2008, the Company 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, the Company 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 2010, 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 are subject to review annually by the Compensation Committee. The agreements require these executives to refrain from competing with the Company 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 upon a change-in-control followed within 18 months by the Company without cause or termination by the executive for good reason or if the executive's employment with the Company is terminated because of death or disability, by the executive for good reason or by the Company 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 the Company 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

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(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. The executive's receipt of payment and benefits in connection with such a termination by the executive for good reason or by the Company 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 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 agreement automatically extends 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 2008 for Ms. Luscinski and November 2008 for 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 are subject to review annually by the Compensation Committee. The agreements require the executive officers to refrain from competing with the Company 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 upon a change-in-control followed within 18 months by termination by the Company without cause or termination by the executive for good reason or if the executive's employment with the Company is terminated because of death or disability, by the executive for good reason or by the Company 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 the Company 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 the Company's Second Amended and Restated 2000 Stock Option and Incentive Plan, the stock options that the Company 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, 2008 included a term



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providing for the full acceleration of the unvested portion of such options in the event that the executive's employment is terminated by the Company 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 agreements.

The following tables reflect the estimated amount of payments and benefits that would have been provided by the Company to each of the named executive officers upon the termination of such executive's employment with the Company as of December 31, 2008 in each of the following circumstances: termination by the Company without cause, termination by the executive for good reason, termination upon death, termination by the Company upon disability and termination by the Company 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 the Company to each of the named executive officers upon a change-in-control of the Company occurring as of December 31, 2008. 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.

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, the Company's 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	\$ 1,328,148	\$	\$	\$ 1,606,500	\$
Vesting of Stock Options (2)	99,000	198,000	198,000	198,000	198,000
Health Care Benefits (3)	14,148	6,783	14,148	14,148	
Tax Gross-up				565,765	
<b>Total</b>	<b>\$ 1,441,296</b>	<b>\$ 204,783</b>	<b>\$ 212,148</b>	<b>\$ 2,384,413</b>	<b>\$ 198,000</b>

(1) This column assumes a change-in-control occurs on December 31, 2008 followed immediately thereafter by a termination of the executive's employment on the same date by the Company without cause or by the executive for good reason.

(2)

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Based on the difference between the exercise price of unvested stock options that accelerate upon the relevant event and the closing price of the Company's Common Stock on the Nasdaq Global Market on December 31, 2008, which was \$2.65.

- (3) Reflects the amount of future premiums, which would be paid on behalf of the named executive officer under the Company's health and dental plans, based on the premiums in effect as of December 31, 2008.

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*Thomas McNaughton*

The following table shows the estimated payments upon termination or a change-in-control of the Company for Thomas McNaughton, the Company's Chief Financial 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	\$	\$	\$	\$ 235,000	\$
Vesting of Stock Options (2)					
Health Care Benefits (3)	16,767	16,767	16,767	16,767	
Tax Gross-up					
<b>Total</b>	<b>\$ 16,767</b>	<b>\$ 16,767</b>	<b>\$ 16,767</b>	<b>\$ 251,767</b>	<b>\$</b>

- (1) This column assumes a change-in-control occurs on December 31, 2008 followed immediately thereafter by a termination of the executive's employment on the same date by the Company 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 the Company's Common Stock on the Nasdaq Global Market on December 31, 2008, which was \$2.65.
- (3) Reflects the amount of future premiums, which would be paid on behalf of the named executive officer under the Company's health and dental plans, based on the premiums in effect as of December 31, 2008.

*David Green*

The following table shows the estimated payments upon termination or a change-in-control of the Company for David Green, the Company's 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	\$ 1,093,934	\$	\$	\$ 1,323,000	\$
Vesting of Stock Options (2)	66,000	132,000	132,000	132,000	132,000
Health Care Benefits (3)	16,767	16,767	16,767	16,767	
Tax Gross-up				462,025	
<b>Total</b>	<b>\$ 1,176,701</b>	<b>\$ 148,767</b>	<b>\$ 148,767</b>	<b>\$ 1,933,792</b>	<b>\$ 132,000</b>

- (1) This column assumes a change-in-control occurs on December 31, 2008 followed immediately thereafter by a termination of the executive's employment on the same date by the Company 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 the Company's Common Stock on the Nasdaq Global Market on December 31, 2008, which was \$2.65.
- (3) Reflects the amount of future premiums, which would be paid on behalf of the named executive officer under the Company's health and dental plans, based on the premiums in effect as of December 31, 2008.



**Table of Contents***Susan M. Luscinski*

The following table shows the estimated payments upon termination or a change-in-control of the Company for Susan M. Luscinski, the Company's 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	\$ 304,468	\$	\$	\$ 275,625	\$
Vesting of Stock Options (2)	33,000	66,000	66,000	66,000	66,000
Health Care Benefits (3)	6,783		6,783	6,783	
Tax Gross-up					
<b>Total</b>	<b>\$ 344,250</b>	<b>\$ 66,000</b>	<b>\$ 72,783</b>	<b>\$ 348,408</b>	<b>\$ 66,000</b>

- (1) This column assumes a change-in-control occurs on December 31, 2008 followed immediately thereafter by a termination of the executive's employment on the same date by the Company 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 the Company's Common Stock on the Nasdaq Global Market on December 31, 2008, which was \$2.65.
- (3) Reflects the amount of future premiums, which would be paid on behalf of the named executive officer under the Company's health and dental plans, based on the premiums in effect as of December 31, 2008.

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

The following table sets forth information regarding the beneficial ownership of the Company's outstanding Common Stock as of February 27, 2009 by: (i) all persons known by the Company to own beneficially more than 5% of the Company's Common Stock; (ii) each of the Company's Directors and nominees for Director; (iii) each of the named executive officers; and (iv) all of the Directors and executive officers of the Company 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 February 27, 2009 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. 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	4,864,881	15.6%(3)
FMR Corp Edward C. Johnson 3d 82 Devonshire Street Boston, MA 02109	4,117,803	13.8%(4)
Skystone Advisors LLC Kerry Nelson Two International Place, Suite 1800 Boston, MA 02110	3,759,937	12.6%(5)
HSO Limited Partnership The Caymean Corporate Centre, 4th Floor 27 Hospital Road Georgetown, Grand Cayman Cayman Islands, British West Indies	2,757,257	9.2%(5)
David Green	2,444,773	7.9%(6)
F&C Asset Management plc 80 George Street Edinburgh EH2 3BU United Kingdom	1,598,913	5.3%(7)
Susan M. Luscinski	720,322	2.4%(8)
Earl R. Lewis	107,501	*(9)
John F. Kennedy	75,001	*(10)
Robert Dishman	65,001	*(11)
Neal J. Harte	50,501	*(12)
George Uveges	37,501	*(13)
All Executive Officers and Directors, as a group (9 persons)	8,365,481	25.3%(14)

\* 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 29,934,869 shares outstanding on February 27, 2009.

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- (3) Includes options to acquire 1,300,000 shares that are exercisable within 60 days of February 27, 2009.
- (4) This information is based solely upon a Schedule 13G filed jointly by FMR Corp. and Edward C. Johnson 3d with the Securities and Exchange Commission on February 13, 2009 reporting beneficial ownership as of December 31, 2008. FMR Corp. reported sole voting power with respect to 1,348,495 shares and each reported sole investment power with respect to the same 4,117,803 shares. Edward C. Johnson 3d reported beneficial ownership of the shares beneficially owned by FMR Corp. as result his relationship as Chairman and a stockholder of FMR Corp.
- (5) This information is based solely on a Schedule 13D filed jointly by Skystone Advisors LLC, Kerry Nelson and HSO Limited Partnership with the Securities and Exchange Commission on September 8, 2008 reporting beneficial ownership as of September 8, 2008. Skystone Advisors LLC, Kerry Nelson and HSO Limited Partnership each reported shared investment power with respect to all shares. Shares reported herein for Skystone Advisors LLC and Kerry Nelson represent shares held by HSO Limited Partnership and HSE Masterfund Limited Partnership. Ms. Nelson is the managing member of Skystone Advisors LLC.
- (6) Includes options to acquire 1,025,000 shares that are exercisable within 60 days of February 27, 2009.
- (7) This information is based solely upon a Schedule 13G filed by F&C Asset Management plc. with the Securities and Exchange Commission on January 21, 2009 reporting beneficial ownership as of December 31, 2008. F&C Asset Management plc. reported having sole voting and investment power of all shares and denied beneficial ownership of such shares.
- (8) Includes options to acquire 598,550 shares that are exercisable within 60 days of February 27, 2009.
- (9) Includes options to acquire 57,501 shares that are exercisable within 60 days of February 27, 2009.
- (10) Includes options to acquire 70,001 shares that are exercisable within 60 days of February 27, 2009.
- (11) Includes options to acquire 65,001 shares that are exercisable within 60 days of February 27, 2009.
- (12) Includes options to acquire 47,501 shares that are exercisable within 60 days of February 27, 2009.
- (13) Includes options to acquire 30,001 shares that are exercisable within 60 days of February 27, 2009.
- (14) Includes options to acquire 3,193,555 shares that are exercisable within 60 days of February 27, 2009.

**EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth information as of December 31, 2008 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, 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)	5,725,758	\$ 4.81	3,074,541(2)
Equity compensation plans not approved by security holders			
<b>Total</b>	<b>5,725,758</b>	<b>\$ 4.81</b>	<b>3,074,541</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) Represents 2,846,227 shares available for future issuance under the 2000 Plan and 228,314 shares available for future issuance under the Stock Purchase Plan.

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**TRANSACTIONS WITH RELATED PERSONS**

The Audit Committee charter sets forth the standards, policies and procedures that the Company follows for the review, approval or ratification of any related person transaction that the Company is 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. The Company does not have any formal policies and procedures regarding the identification by management of related person transactions.

During the 2008 fiscal year, the Company was not a participant in any related person transactions that required disclosure under this heading.

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

The Company's executive officers, Directors and beneficial owners of more than 10% of its 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, the Company believes that during the year ended December 31, 2008, the reporting persons complied on a timely basis with all Section 16(a) filing requirements applicable to them.

**EXPENSES OF SOLICITATION**

The Company 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 2010 ANNUAL MEETING**

Stockholder proposals intended to be presented at the Company's 2010 annual meeting of stockholders must be received by the Company on or before December 14, 2009 in order to be considered for inclusion in the Company's 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 the Company's proxy statement and form of proxy and should be mailed to: Secretary, Harvard Bioscience, Inc., 84 October Hill Road, Holliston, Massachusetts 01746.

The Company's By-laws provide that any stockholder of record wishing to have a stockholder proposal that is not included in the Company's 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 the Company's Secretary at its principal executive office not less than 90 days or not more than 120 days prior to the first anniversary of



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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 the Company not less than 120 calendar days prior to the anniversary of the date on which the Company's 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 the Company's 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,

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.

**Table of Contents****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has selected KPMG LLP to serve as the Company's independent auditors for the year ending December 31, 2009. Representatives of KPMG LLP are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. The representatives are also expected to be available to respond to appropriate questions.

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

	2008	2007
Audit Fees (1)	\$ 959,300	\$ 1,115,900
Audit-Related Fees (2)		
Tax Fees (3)	109,500	242,300
Total Fees	\$ 1,068,800	\$ 1,358,200

- (1) Audit Fees included fees associated with the annual audit of the Company's consolidated financial statements and internal controls over financial reporting, the reviews of the Company's quarterly reports on Form 10-Q and statutory audits for certain international subsidiaries.
  - (2) Audit-Related Fees includes fees, other than audit fees, for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements.
  - (3) Tax Fees included domestic and international tax compliance, tax advice and tax planning.
- All of the services performed in the year ended December 31, 2008 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 the Company 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. In February 2004, the Audit Committee 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.

**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 Chief Financial Officer and Controller. The Code of Business Conduct and Ethics is available on the Corporate Governance page in the Investor Relations section of the Company's website at [www.harvardbioscience.com](http://www.harvardbioscience.com). The Company intends to post any amendments to or waivers from this Code of Business Conduct and Ethics at this location on its website. Please note, however, that the information contained on the website is not incorporated by reference in, or considered to be a part of, this 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 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

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at such an address wishes to receive a separate annual report or proxy statement, the Company will promptly deliver a separate copy to any stockholder upon written or oral request to the Company's 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 COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE AS PROMPTLY AS POSSIBLE. IF YOU ATTEND THE MEETING, YOU MAY DECIDE TO CONTINUE TO HAVE YOUR SHARES VOTED AS YOU INSTRUCTED IN THE PROXY CARD OR YOU MAY WITHDRAW YOUR PREVIOUSLY COMPLETED PROXY AND VOTE YOUR SHARES IN PERSON.**

**THIS PROXY STATEMENT IS ACCOMPANIED BY THE COMPANY'S ANNUAL REPORT TO SHAREHOLDERS FOR THE YEAR ENDED DECEMBER 31, 2008. THE COMPANY WILL FURNISH, WITHOUT CHARGE, A COPY OF ITS ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2008 AND ANY EXHIBITS THERETO TO ANY STOCKHOLDER, UPON WRITTEN REQUEST TO HARVARD BIOSCIENCE, INC., 84 OCTOBER HILL ROAD, HOLLISTON, MASSACHUSETTS 01746-1371.**

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PLEASE MARK VOTES  
AS IN THIS EXAMPLE

x

**REVOCABLE PROXY**

**HARVARD BIOSCIENCE, INC.**

**SOLICITED BY THE BOARD OF DIRECTORS FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS**

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS:

The Notice of Meeting, Proxy Statement and 2008 Annual Report are available at [www.harvardbioscience.com/eproxy](http://www.harvardbioscience.com/eproxy)

**PROPOSAL 1**

1. To elect as Class III Directors, nominated by the Board of Directors, for three-year terms, such terms to continue until the annual meeting of stockholders in 2012 and until such Directors successors are duly elected and qualified or until their earlier resignation or removal:

**Chane Graziano, Earl R. Lewis and George Uveges**

	<b>With-</b>	<b>For All</b>
<b>For</b>	<b>hold</b>	<b>Except</b>
..	..	..

**INSTRUCTION: To withhold authority to vote for any individual nominee, mark For All Except and write that nominee s name in the space provided below.**

The undersigned stockholder of Harvard Bioscience, Inc. (the Company ) hereby constitutes and appoints Chane Graziano, David Green and Thomas McNaughton, and each of them acting singly and each with the power to appoint his substitute, and authorizes each of them to represent and to vote all shares of the Common Stock of the Company held by the undersigned at the close of business on March 31, 2009, at the Annual Meeting of Stockholders to be held at the offices of Goodwin Procter LLP, Exchange Place, 53 State Street, Boston, Massachusetts 02109, on Thursday, May 14, 2009 at 11:00 a.m., Boston time, and at any adjournments or postponements thereof (the Annual Meeting ). The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders, the Proxy Statement and the 2008 Annual Report and revokes any proxy heretofore given with respect to the Annual Meeting.

**WHEN PROPERLY EXECUTED THIS PROXY WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER(S). UNLESS DIRECTION IS GIVEN TO THE CONTRARY, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEES LISTED ON THIS PROXY IN PROPOSAL I AND IN THE DISCRETION OF THE PROXIES FOR ANY OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING AND ANY ADJOURNMENTS OR POSTPONEMENTS THEREOF.**

**PLEASE MARK, DATE, SIGN AND RETURN THIS PROXY CARD PROMPTLY, USING THE ENCLOSED ENVELOPE. NO POSTAGE IS NEEDED IF MAILED IN THE UNITED STATES.**

**Please sign exactly as your name appears hereon. Joint owners should each sign. Executors, administrators, trustees, guardians or other fiduciaries should give full title as such. If signing for a corporation, please sign in full corporate name by a duly authorized officer.**

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Please be sure to sign and date

this Proxy in the box below.

Date

Stockholder sign above

Co-holder (if any) sign above

**Detach above card, sign, date and mail in postage paid envelope provided.**

HARVARD BIOSCIENCE, INC.

**PLEASE ACT PROMPTLY**

**SIGN, DATE & MAIL YOUR PROXY CARD TODAY**

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED.