Neogen is there.

NEOGEN®
CORPORATION

2015 Annual Report

Safety solutions from inside the farm gate to the dinner plate

The mission of

Neogen Corporation

is to be the leading company

in the development and marketing

of *solutions* for food and animal *safety*

Contents

Financial Highlights

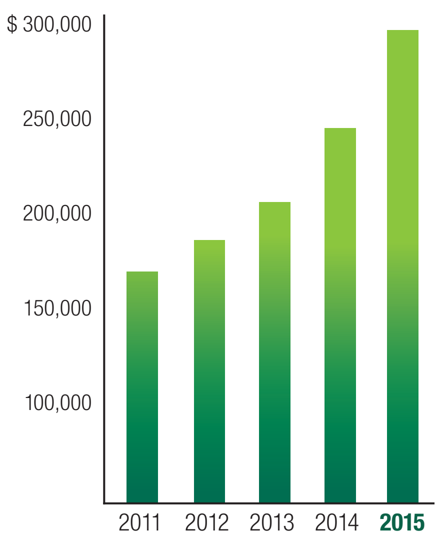
Amounts in thousands, except per share

Years Ended May 31	**2015**	2014	2013	2012	2011
Operations:					
Total Revenues	**$ 283,074**	$ 247,405	$ 207,528	$ 184,046	$ 172,683
Food Safety Sales	**131,479**	116,290	106,158	91,104	85,514
Animal Safety Sales	**151,595**	131,115	101,370	92,942	87,169
Operating Income	**53,118**	43,391	40,706	33,739	35,835
Net Income Attributable to Neogen	**$ 33,526**	$ 28,158	$ 27,190	$ 22,513	$ 22,839
Basic Net Income Per Share*	**$ 0.91**	$ 0.77	$ 0.76	$ 0.64	$ 0.66
Diluted Net Income Per Share*	**$ 0.90**	$ 0.76	$ 0.75	$ 0.62	$ 0.64
Average Diluted Shares Outstanding*	**37,444**	37,267	36,491	36,029	35,687

*Restated for the years 2011–2013 due to stock split

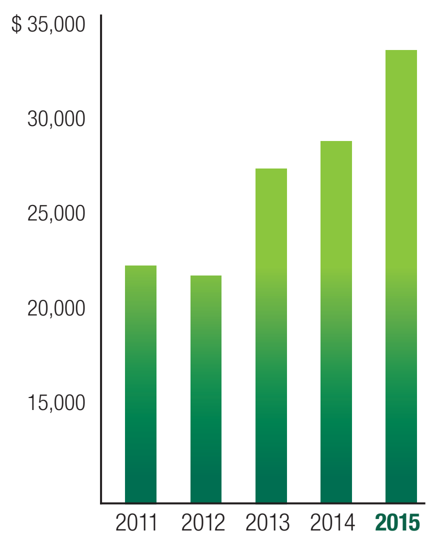
Total Revenues

Dollars in thousands



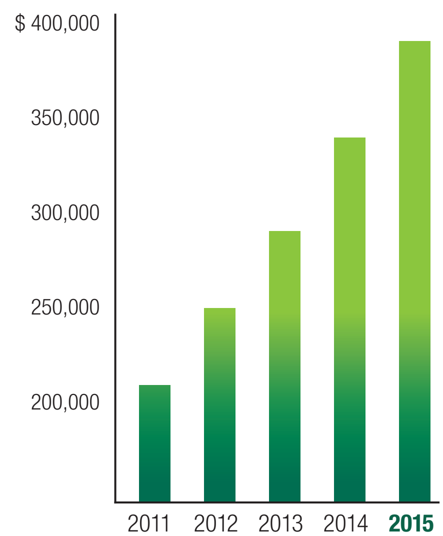
Net Income

Dollars in thousands



Total Assets

Dollars in thousands



In thousands

Year Ended May 31	**2015**	2014	2013	2012	2011
Financial Strength:					
Cash and Marketable Securities	**$ 114,164**	$ 76,496	$ 85,369	$ 68,645	$ 56,083
Working Capital	**205,739**	163,779	150,728	123,962	104,705
Total Assets	**392,181**	345,301	290,558	251,600	219,662
Long-Term Debt	**–**	–	–	–	–
Equity	**350,963**	306,300	258,287	219,054	188,978

Message from *Management*

To our stockholders, employees and friends:

Neogen is there. The theme for this year's Annual Report tells our story. We will be there from back inside the farm gate with our animal safety products, through food processing to the dinner plate with our food safety products. We will be there with disinfectants and rodenticides for biosecurity, and with tests to detect pathogens and allergens to stop unsafe food. We will be helping thousands of food processors in the U.S., to the largest dairy processors in China. Neogen will be there to continue to meet the financial expectations of our shareholders—and our employees.

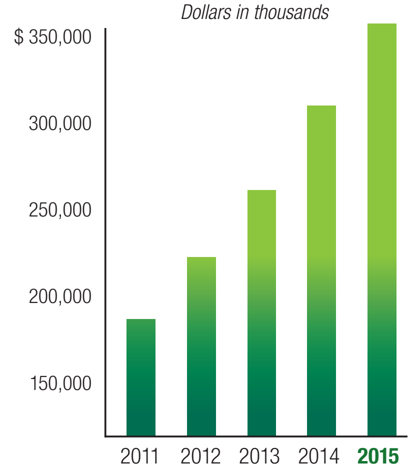
Our revenues for the 2015 fiscal year increased 14% to over $283 million, up from a little over $247 million in Neogen's previous fiscal year. Net income for the year was up 19% from the previous year to $33.5 million, or $0.90 per share. This compares to the prior year's $0.76 per share. As you would expect, revenues and income for the 2015 year established new all-time highs for our 33-year-old company.

On that same note, the fourth quarter of fiscal 2015 was the 93rd of the past 98 quarters that Neogen reported revenue increases as compared with the previous year—including all consecutive quarters in the last 10 years. This record now spans 24 and one-half years. Sometimes we feel it's like our over 1,000 employees are saying, "The record won't get spoiled on my watch."

In most every way, 2015 was another solid year financially for Neogen. Our compounded growth rate in revenue for the five years previous to this had been 16%. Our revenue growth rate for this year was 14%. Our compounded growth rate in net income over the past five years had been 15%—this year's net income's growth was 19%. Over the past number of years we have worked to keep operating income as a percentage of sales at around 20%. This year we got close again at 18.8% and that's not much different than the average of 19.1% in the five preceding years.

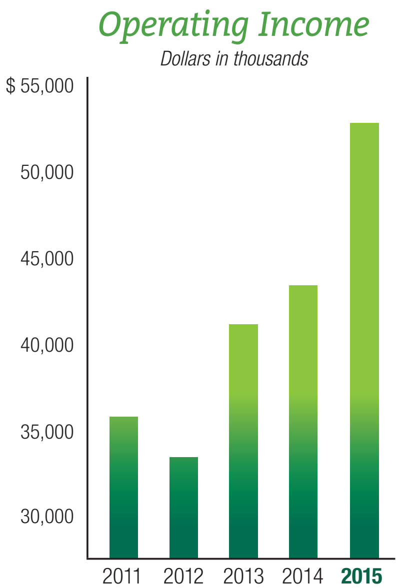
Equity

Dollars in thousands



It was a little more difficult to keep that steady pace this year because the winds of currency fluctuations were in our face—especially in the last half of the year. The negative impact of the stronger dollar on our comparative revenues for the full year was $3.6 million, and currency translation losses included in other income and expense were $1.1 million in 2015, making our 2015 results that much more impressive. During the fiscal year, we increased our hedging program to help mitigate a portion of the currency risks, although it is important to understand that we are lessening the negative currency impact, not eliminating it.

Our four-legged strategy for growth has been the same for the past number of years and continues to serve us well. Fortunately, we are in markets which are growing, and in many cases, Neogen has increased our share in these growing markets. Increasing our market share in our existing markets is the first leg of our growth stool. We have accomplished this by increasing our sales and marketing groups worldwide, both in number and in capabilities, which we did again this past year. The second leg of the growth stool has been the development of new products. Again this



year we increased revenues and bottom line with new products that were developed internally. Our worldwide research team of more than 75 will continue to increase research investments as opportunities are identified. A third leg of the stool has been acquisitions. We have completed 29 since 2000 and all have been accretive at both the top line and bottom line. Fifteen years later, the acquired products are still a part of our portfolio.

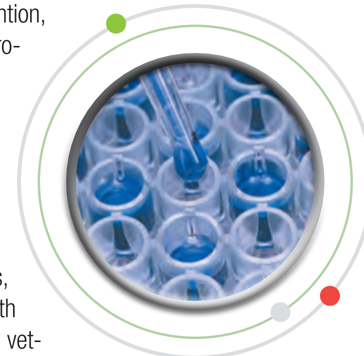
In fiscal 2015 we acquired BioLumix, a competitor using much the same rapid microbial testing technology as our Soleris product line. We are in the process of integrating those two businesses and revenues continue to grow nicely.

We furthered our Asia strategy this past year in both China and India. We had begun our food safety distribution business in China, but still lacked the traction to rapidly propel the business. In December we acquired our largest food safety distributor in China and joined their group to ours. We have refined our strategy, our customer base, and our product offering. You have heard us talk in the past about food security and the need to work in those markets where the middle class had the most rapid growth. Obviously, two countries with the most rapid growth are China and India.

In June, we acquired Sterling Laboratories in India and bolted it onto an Indian shell company we already owned. This one will likely take a little while to get traction. We are situated in the right place on the southwest coast where spices, fruits and vegetables, and some seafood items are shipped to export markets.

We did not do quite as well with the fourth leg of the stool—expansion of international sales. Though our international businesses are good, we weren't able to grow them as fast as our U.S. businesses—finishing the year with international revenues accounting for 36.7% of total revenues, compared to 38.8% in the prior year. Our growth in this area was handicapped by weaknesses in the six different currencies in which we operate.

Moving forward, our fiscal year 2016 looks pretty exciting. There will be a lot of continued strong activity over on our Animal Safety side, primarily aimed at food safety back inside the farm gate. "Raised without antibiotics" is a phrase you are likely to hear more and more, as there is a significant portion of the population that believes antibiotic resistant bacteria are the result of heavy antibiotic feeding to food animals, and that residue then entering the human food chain. True or not, it is going to get more attention, and Neogen's strong program of biosecurity will be there.



Similarly, a recent outbreak of avian influenza wiped out over 10% of the egg laying chicken flock in the United States, and also played havoc with turkey production. Poultry veterinarians believe the virus was introduced by migratory birds as they moved from south to north for summer nesting. The same biosecurity measures that will be so critical in the "raised without antibiotics" program will be the ones that will help protect the poultry industry from reinfection. Neogen will be there with even more cleaners, disinfectants, insecticides, and rodenticides.

We believe the factors that drove our animal genomic business up 27% worldwide this year will continue next year. More and more beef cattle and dairy producers are realizing the importance of genomic selection of females that are going back into herds as replacements. As dairymen are now able to select just the top 60 or 70% of their annual calf crop for replacements, it has become very important to make sure they are picking the best animals. The same is true for the handful of primary poultry breeders in the world who control virtually the entire breeding stock that will produce the meat we will be eating next year. The ability to withstand stress and disease will be more important to these poultry breeding companies as their eventual customers are trying to grow chickens without antibiotics, and Neogen will be there.

The food safety market demands will continue to grow in several areas. At long last, the Food Safety Modernization Act will in fact see regulations come to market. The first will actually go into effect in August 2015 and then a couple more near the end of October. All of these will increase the need for more food safety diagnostic tests—and Neogen will be there.

The opportunities for synergistic acquisitions continue to be present. We may not be able to complete any of them, but Neogen is there with good experience and a strong balance sheet.

We continue to feel good about Neogen's direction as we move into 2016. The year ended with strong momentum, and 2016 has started off well. The business has double-digit organic growth goals for fiscal 2016 and as our markets continue to demand innovative solutions to meet their food safety and security needs, **Neogen is there.**

James L. Herbert
Chairman and CEO

Richard E. Calk, Jr.
President and COO

Steven J. Quinlan
Vice President and CFO

Neogen is there.

Neogen's products and services can be found almost everywhere in the food system from back inside the farm gate—all the way to the family dinner plate.

The World Health Organization recently reported there are 582 million cases of illness due to foodborne pathogens annually, including 351,000 deaths. The problem worsens as the world food producers attempt to produce food a great distance from the place it is consumed, and at much higher speeds and on less land area. The race to food security is being hampered by food safety.

Neogen is there in over a hundred countries around the world to help in both export and local consumption. Neogen is on farms and ranches, using genomics to help select only the best breeding livestock animals, and then providing quality products and services to provide the animals the best care possible. Neogen is on farms and in aquaculture facilities around the world to ensure crops, seafood, dairy products, and other food commodities are safe and of the highest quality before they enter the food supply.

Once food products leave their producers, Neogen's tests kits are at food processing facilities, distributors, retailers, and food service providers, ensuring their safety every step of the way.

Yes, Neogen is there—and almost everywhere food is produced, processed, or consumed.

While Neogen strives to extend the reach of its products to improve food and animal safety throughout the world, the company also takes pride in improving the communities it calls home.

The company is headquartered and has a significant presence in Lansing, Mich., and makes positive impacts in its other home communities of Lexington, Ky.; Lincoln, Neb.; Randolph, Wisc.; Kenansville, N.C.; Pleasantville, Ia.; St. Joseph, Mich.; Ayr, Scotland; Indaiatuba, Brazil; Mexico City, Mexico; Shanghai, China; and Cochin, India.

Neogen has been listed on the NASDAQ Stock Market since 1989 (symbol: NEOG), and is proud of its continuing inclusion in NASDAQ's top tier of companies, its Global Select Market.

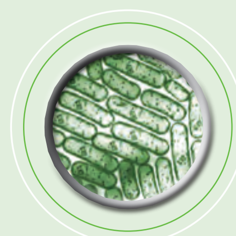
NASDAQ's Global Select Market has the highest initial listing standards of any exchange in the world based on financial and liquidity requirements, and includes approximately 1,200 companies of the approximately 3,200 companies listed.

With both a state-of-the-art veterinary genomic laboratory and comprehensive bioinformatics to interpret genomic test results, Neogen offers animal owners and caregivers unparalleled identity and trait determination and analysis.

With just a tissue sample from a female day-old calf, for example, Neogen can provide a cattle producer with DNA test results that can predict that animal's performance in the herd on such traits as the ability to gain weight, milk production, pregnancy rate, calving ease, and susceptibility to disease. Neogen provides veterinary genomic solutions for cattle, both beef and dairy, swine, sheep, dogs, horses, and poultry.

Broken veterinary needles are a major concern in the pork and beef industries worldwide, and the imprecise delivery of veterinary medicines and vaccines are costly to animal producers, and potentially dangerous to consumers if drug residues remain in dairy and meat products.

Neogen's quality, proven veterinary instruments repeatedly deliver precise doses to help ensure food and animal safety. The company's D3® veterinary needles are uniquely detectable in standard meat industry metal detectors, further ensuring the safety of the meat supply.



Neogen's broad-based food and animal safety mission was built with the understanding that otherwise wholesome food and feed face numerous safety challenges every step of its way to the consumer. Rats and mice remain a serious threat to food and feedstuffs, eat food meant for animals, and spread disease.

Neogen's proven line of rodenticides is used for effective control of rodent infestations, and is often a critical component of an overall biosecurity plan.

The company's Chem-Tech™ subsidiary provides highly effective insecticides that utilize environmentally friendly technical formulas, several of which are approved for use in food establishments, and help stop the spread of disease before it can start.

Chem-Tech's Prozap® insecticide brand is well known in the large animal production industry, and is particularly popular with dairy and equine producers.

Stopping a bacterial, viral, or fungal outbreak before it can start is a critical goal in food and animal safety.

Neogen has broadened its cleaner and disinfectant portfolio to provide the highest quality chemistries for effective use in all types of premises. Animal facilities, ranging from production livestock rearing to companion animal veterinary clinics, benefit through the use of this diverse set of products.

The company's seafood testing lab extends the testing options Neogen offers to the seafood industry to include testing services for the shellfish and salmon aquaculture industries. In addition to its laboratory services, Neogen offers the seafood industry rapid, accurate tests for foodborne pathogens, sanitation monitoring, histamine, and shellfish toxins.

Neogen's comprehensive line of tests for mycotoxins (mold toxins) in grains and animal feeds help protect the health of poultry, swine, and dairy cattle—and the quality and safety of the food products derived from numerous commodity grains. Mycotoxins have been shown to have long-term adverse health effects in humans, and can kill livestock and pets if ingested in sufficient quantities.

The company's incredibly easy tests can deliver definitive, easy-to-interpret results in as little as two minutes. The almost immediate results mean that grain elevator staff, and quality control personnel in the food and feed industries, can obtain results in minutes, and reject contaminated ingredients.

Once food products leave their producers, Neogen's test kits are at food processing facilities, distributors, retailers, and food service providers, ensuring their safety every step of the way.

Neogen's recently launched AccuPoint® Advanced ATP (adenosine triphosphate) Hygiene Monitoring System is the most sensitive and consistent hygiene, or sanitation, monitoring test system available. An ATP system provides a quick and easy gauge of a facility's cleanliness, and is easily customized for the specific equipment, people, product, and processes used in any food production facility.

ATP is the energy source in all living cells. Since virtually all of the food and beverages produced were once living, they contain ATP. Microbiological organisms, like bacteria, yeast and mold, also contain ATP. The amount of ATP detected, and where this ATP was detected, signals company personnel of possible trouble spots that may need to be resanitized prior to the start of the food production cycle.

Neogen pioneered the development and marketing of rapid diagnostic tests to detect food allergens, including gluten, peanuts, milk, soy, eggs, and many others. The company's simplest food allergen tests screen samples in parts per million in mere minutes.

Since 1998, Neogen's simple tests have helped food manufacturers around the world ensure that their products do not contain any unlabeled food allergens—protecting their food allergic consumers and businesses.

Neogen is a worldwide leader in providing rapid drug residue tests to ensure the safety of meat and milk products, and protect the integrity of animal racing. Neogen has a vast array of drug residue tests used in food and animal safety markets, and also for certain research and forensic applications.

Neogen's products developed for the worldwide dairy industry include a single test to simultaneously detect dozens of antibiotic residues in milk. As the use of antibiotics for the management of mastitis in dairy herds has grown in the world, so has the need for a single test to simultaneously detect multiple antibiotics.

Neogen's Soleris® and recently acquired BioLumix® rapid microbial technologies are used by the world's largest food and nutraceutical manufacturers to detect spoilage organisms in a fraction of the time needed for traditional testing methods. For example, testers using Soleris can measure a sample's yeast and mold count in as little as 48 hours, compared to the five days for conventional methods.

While product contaminated with spoilage organisms, such as yeast and mold, do not carry consequences of the severity of pathogen contamination, spoilage organisms can drastically shorten product shelf-lives, and produce a variety of unwanted effects.

Wherever food and animal safety solutions are needed, Neogen is there.

Neogen's tests for dangerous bacteria, including *Salmonella*, *Listeria*, *Listeria monocytogenes*, and *E. coli* O157:H7 provide speed, accuracy, ease of use, and Neogen's dedicated staff of support microbiologists. Neogen's tests help food producers protect their brands, and reputation, from possibly the biggest risk they face in the marketplace—shipping products tainted with a known pathogen.

Neogen's comprehensive line of rapid food safety diagnostics includes the ANSR® test system—the quickest and easiest testing method to definitively detect pathogen DNA in food and environmental samples. ANSR provides results in as little as 10 minutes; other commercially available molecular amplification tests require up to three hours.

Neogen's Acumedia® dehydrated culture media are precisely blended to favor the growth of specific bacteria over all others. In the food industry, the company's products are used to detect dangerous pathogens, and for beneficial use to grow starter cultures for cheese, sausage, and yogurt.

In addition to the food industry, Acumedia products are marketed to the pharmaceutical, clinical, biotechnological, research, cosmetic, commercial laboratory, and veterinary markets.

Neogen's products and services also include safety solutions for performance and companion animals. The company manufactures and markets pharmaceuticals, vaccines, and diagnostic products for these animals.

Neogen's equine health line includes EqStim®, a proven, safe immunostimulant, which boosts the immune response of horses to help combat respiratory ailments. The company's BotVax® B has protected thousands of horses against *Clostridium botulinum* type B.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The information in this Management's Discussion and Analysis of Financial Condition and Results of Operations contains both historical financial information and forward-looking statements. Neogen Corporation management does not provide forecasts of future financial performance. While management is optimistic about the Company's long-term prospects, historical financial information may not be indicative of future financial results.

Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. There are a number of important factors, including competition, recruitment and dependence on key employees, impact of weather on agriculture and food production, identification and integration of acquisitions, research and development risks, patent and trade secret protection, government regulation and other risks detailed from time to time in the Company's reports on file at the Securities and Exchange Commission, that could cause Neogen Corporation's results to differ materially from those indicated by such forward-looking statements, including those detailed in this "Management's Discussion and Analysis of Financial Condition and Results of Operations."

In addition, any forward-looking statements represent management's views only as of the day this Report on Form 10-K was first filed with the Securities and Exchange Commission and should not be relied upon as representing management's views as of any subsequent date. While management may elect to update forward-looking statements at some point in the future, it specifically disclaims any obligation to do so, even if its views change.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The discussion and analysis of the Company's financial condition and results of operations are based on the consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires that management make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an ongoing basis, management evaluates the estimates, including but not limited to, those related to receivable allowances, inventories and intangible assets. These estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The following critical accounting policies reflect management's more significant judgments and estimates used in the preparation of the consolidated financial statements.

Revenue Recognition

Revenue from products and services is recognized when the product has been shipped or the service performed, the sales price is fixed and determinable, and collection of any receivable is probable. To the extent that customer payment has been received before all recognition criteria are met, these revenues are initially deferred and later recognized in the period that all recognition criteria have been met. Customer credits for sales returns, pricing and other disputes, and other related matters (including volume rebates offered to certain distributors as marketing support) represent approximately 3% of reported net revenue for each period presented.

Accounts Receivable Allowance

Management attempts to minimize credit risk by reviewing customers' credit history before extending credit and by monitoring credit exposure on a regular basis. An allowance for doubtful accounts on accounts receivable is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. Collateral or other security is generally not required for accounts receivable. Once a receivable balance has been determined to be uncollectible, that amount is written off to the allowance for doubtful accounts.

Inventory

A reserve for obsolete and slow moving inventory has been established and is reviewed at least quarterly based on an analysis of the inventory taking into account the current condition of the asset as well as other known facts and future plans. The amount of reserve required to record inventory at lower of cost or market may be adjusted as conditions change. Product obsolescence may be caused by shelf-life expiration, discontinuance of a product line, replacement products in the marketplace or other competitive situations.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price over fair value of tangible net assets of acquired businesses after amounts are allocated to other identifiable intangible assets. Other intangible assets include customer relationships, trademarks, licenses, trade names, covenants not-to-compete and patents. Amortizable intangible assets are amortized on either an accelerated or a straight-line basis over 5 to 25 years. The Company reviews the carrying amounts of goodwill and other non-amortizable intangible assets annually, or when indications of impairment exist, to determine if such assets may be impaired. If the Company's qualitative assessment concludes that it is more likely than not that an impairment exists, or the Company skips the qualitative assessment, then the Company performs a quantitative assessment. If the carrying amounts of these assets are deemed to be less than fair value based upon a discounted cash flow analysis and comparison to comparable EBITDA multiples of peer companies, such assets are reduced to their estimated fair value and a charge is made to operations.

Long-lived Assets

Management reviews the carrying values of its long-lived assets to be held and used, including definite-lived intangible assets, for possible impairment whenever events or changes in business conditions warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated separately identifiable undiscounted cash flows over the remaining useful life of the asset indicate that the carrying amount of the asset may not be recoverable. In such an event, fair value is determined using discounted cash flows and if lower than the carrying value, impairment is recognized through a charge to operations.

Equity Compensation Plans

Share options awarded to employees and shares of stock awarded to employees under certain stock purchase plans are recognized as compensation expense based on their fair value at grant date. The fair market value of options granted under the Company's stock option plans was estimated on the date of grant using the Black-Scholes option-pricing model using assumptions for inputs such as interest rates, expected dividends, volatility measures and specific employee exercise behavior patterns based on statistical data. Some of the inputs used are not market-observable and have to be estimated or derived from available data. Use of different estimates would produce different option values, which in turn would result in higher or lower compensation expense recognized.

To value options, several recognized valuation models exist. None of these models can be singled out as being the best or most correct one. The model applied by the Company is able to handle some of the specific features included in the options granted, which is the reason for its use. If a different model were used, the option values could differ despite using the same inputs. Accordingly, using different assumptions coupled with using a different valuation model could have a significant impact on the fair value of employee stock options. Fair value could be either higher or lower than the ones produced by the model applied and the inputs used. Further information on the Company's equity compensation plans, including inputs used to determine fair value of options, is disclosed in Notes 1 and 5 to the consolidated financial statements.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and for tax credit carry forwards and are measured using the enacted tax rates in effect for the years in which the differences are expected to reverse. Deferred income tax expense represents the change in net deferred income tax assets and liabilities during the year.

The Company's foreign subsidiaries are comprised of Neogen Europe (wholly-owned subsidiary), Neogen Latinoamérica (90% owned subsidiary), Neogen do Brasil (90% owned subsidiary) and Neogen China (wholly-owned subsidiary). Based on historical experience, as well as the Company's future plans, earnings from these subsidiaries are expected to be re-invested indefinitely for future expansion and working capital needs. Furthermore, the Company's domestic operations have historically produced sufficient operating cash flow to mitigate the need to remit foreign earnings. On an annual basis, the Company evaluates the current business environment and whether any new events or other external changes might require a re-evaluation of the decision to indefinitely re-invest foreign earnings. At May 31, 2015, unremitted earnings of the foreign subsidiaries were $24,423,000.

RESULTS OF OPERATIONS

Executive Overview

Neogen Corporation had total revenue of $283.1 million in fiscal 2015, a 14% increase compared to fiscal 2014 revenues of $247.4 million. Net income attributable to Neogen increased 19% to $33.5 million, or $0.90 per fully diluted share, compared to $28.2 million, or $0.76 per fully diluted share, in fiscal 2014. Cash flow from operations for fiscal 2015 was $43.8 million compared to $21.7 million in fiscal 2014.

The Company's Food Safety segment revenues were $131.5 million in fiscal 2015, a 13% increase compared to the prior fiscal year. Animal Safety segment revenues increased $20.5 million, or 16%, to $151.6 million in fiscal 2015 as compared to fiscal 2014. Revenue increases were aided by recent acquisitions the Company completed in fiscal 2014 and fiscal 2015, which added revenue totaling $17.1 million during the fiscal 2015 year. Prior fiscal year acquisitions include SyrVet in July 2013, Prima Tech in November 2013, and Chem-Tech in January 2014. In fiscal 2015, the Company acquired BioLumix (October 2014), a manufacturer and marketer of products to detect spoilage organisms in dietary supplements, nutraceuticals and cosmetics. These products are complementary to the Company's existing Soleris product line. Excluding revenues from these acquisitions, organic sales growth for fiscal 2015 was 10% for the Food Safety segment and 6% for the Animal Safety segment, each compared to the prior fiscal year.

International sales were $103.9 million in fiscal 2015, an increase of 8% compared to the prior fiscal year. Sales growth in the Company's international operations was tempered due to the strength of the U.S. dollar, which rose during the year against all of the currencies in which the Company conducts business. Neogen Europe had an increase of 9% for fiscal 2015 (11% in local currency), compared to the prior year, while Neogen do Brasil revenues declined 3% for the year (but increased 12% in local currency). Neogen China increased revenues significantly in fiscal 2015, albeit off of a small base. Neogen Latinoamérica recorded a revenue increase of 151% for the year (175% in local currency), benefitting from the transfer of certain Animal Safety customers and revenues in Mexico and Central America from the Company's sales personnel based in the U.S., in an effort to better serve customers located in those geographic areas. After adjusting for the impact of the revenue transfer from Animal Safety to Food Safety at Neogen Latinoamérica, overall organic sales growth for fiscal 2015 was 4% for the Food Safety segment and 10% for the Animal Safety segment.

Expressed as a percentage of total sales, international sales in fiscal 2015 were 36.7% compared to 38.8% in fiscal 2014. This decline as a percentage of sales was due in part to the strength of the U.S. dollar, which reduced comparative revenues in the local currency when converted to dollars; international sales were negatively impacted by $3.6 million for fiscal 2015. The Chem-Tech acquisition, which was entirely domestic sales, and lower volumes of drug residue test kits into Eastern Europe due to product launch delays, also reduced the overall proportion of international revenues.

Service revenue was $35.1 million in fiscal 2015, an increase of 27% compared to prior year revenues of $27.7 million. The increase for the year was primarily due to increased sales of new proprietary genomic offerings developed for the beef and dairy cattle and pork industries for both domestic and international customers, with particular strength in Europe. GeneSeek also benefitted from new ongoing business with a large customer in the poultry industry and one-time research work in the canine industry.

Gross margins were 49.4% in fiscal 2015, versus 49.6% in fiscal 2014. The slight decrease was the result of lower margins on certain international sales in the Food Safety segment resulting from adverse currency impacts caused by the strong U.S. dollar and product mix changes within Food Safety, offset partially by improved product mix and efficiency gains in the Animal Safety segment. Operating expenses rose 9% in fiscal 2015 compared to 2014; expressed as a percentage of revenues operating expenses decreased from 32.0% in fiscal 2014 to 30.6% in fiscal 2015, as the Company controlled its expense growth and continued to achieve efficiencies and savings with the successful integration of recent acquisitions into its operations.

Revenues

(Dollars in thousands)	May 31, 2015	Increase/ (Decrease)	May 31, 2014	Increase/ (Decrease)	May 31, 2013
	Twelve Months Ended				
Food Safety:					
Natural Toxins, Allergens and Drug Residues	**$ 60,561**	**0%**	$ 60,358	5%	$ 57,413
Bacterial and General Sanitation	**29,784**	**20%**	24,866	13%	21,954
Dehydrated Culture Media and Other	**41,134**	**32%**	31,066	16%	26,791
	131,479	**13%**	116,290	10%	106,158
Animal Safety:					
Life Sciences	**8,715**	**16%**	7,528	(3%)	7,739
Veterinary Instruments and Disposables	**34,293**	**21%**	28,412	70%	16,682
Animal Care and Other	**35,053**	**(1%)**	35,547	20%	29,612
Rodenticides, Insecticides and Disinfectants	**45,857**	**25%**	36,702	35%	27,130
DNA Testing	**27,677**	**21%**	22,926	14%	20,207
	151,595	**16%**	131,115	29%	101,370
Total Revenues	**$ 283,074**	**14%**	$ 247,405	19%	$ 207,528

Year Ended May 31, 2015 Compared to Year Ended May 31, 2014

The Company's Food Safety segment revenues were $131.5 million in fiscal 2015, a 13% increase compared to the prior year. Sales of Natural Toxins, Allergens and Drug Residues were flat in fiscal 2015 as compared to the prior year. Natural toxin sales increased 5%, with strong sales of DON test kits, up 28% due to outbreaks of this toxin in crops in Eastern Europe, Canada and the U.S. This increase was offset by a 15% decline in aflatoxin test kits due to a difficult comparison to the prior year caused by high demand from aflatoxin outbreaks in Eastern Europe, and relatively clean crops in the current fiscal year relative to that toxin.

Revenues for the Company's test kits to detect allergens such as milk, gluten, soy, peanut, and egg, among others, in processed foods rose 18%, the result of higher demand resulting from increased recalls due to inadvertent allergenic contamination and higher consumer awareness of the risks of ingesting foods with allergenic components. Included within this category and partially offsetting the gains from allergen products were decreased sales of meat speciation test kits, which declined 40% in fiscal 2015, due to lower levels of testing during the year and competitor entry into the market. Sales of drug residue test kits were down 16% this year, primarily due to currency conversion and lower test kit volumes to customers in Eastern Europe due to delays in the launch of a new product in that region.

Bacterial and General Sanitation revenues increased 20% in fiscal 2015, aided by $4.0 million in revenues from the October 1, 2014 BioLumix acquisition. Excluding BioLumix sales, the increase was 4% over the prior year. The Soleris consumable product line, which consists primarily of reagent vials used to detect spoilage organisms such as yeast and molds in foods, increased 10%, while sales of the recently-launched next generation AccuPoint environmental reader increased 35%. Ampoule media and filter sales increased 14% compared to the prior fiscal year; the Company continues to gain new customers and market share, primarily in the beverage industry. Partially offsetting these gains was a 43% decline in Soleris equipment sales due to difficult comparisons caused by prior year international placements, which did not repeat in the current fiscal year.

Dehydrated Culture Media and Other sales increased 32% in the current fiscal year. Within this product category, Acumedia sales increased 5% in fiscal 2015. While sales of Acumedia products to food safety customers increased 10%, this was offset by flat sales to the traditional media market due to lower demand and continuing credit issues at some significant customers. Sales in this category were led by genomics revenues to European customers (included as Other revenues), which increased 57% due to market share gains for services and the sale of new proprietary product offerings. Also included in this category were sales of Animal Safety products to customers in Mexico and Central America, transferred to the Company's Neogen Latinoamerica subsidiary which reports in through the Food Safety segment, to better serve customers in those locations.

The Company's Animal Safety segment revenues were $151.6 million in fiscal 2015, a 16% increase over fiscal 2014. Life Sciences sales increased 16% in fiscal 2015 compared to the prior year, led by forensic kit sales to commercial labs to meet new testing requirements in Brazil for commercial drivers. For the year, revenues of Veterinary Instruments and Disposables increased 21%. This product category benefitted from revenues from the SyrVet and Prima Tech acquisitions from fiscal 2014, whose product lines were almost entirely veterinary instruments. Excluding these revenues, organic growth in this category was 8% for fiscal 2015, led by sales of detectable needles, which continued to be a strong product line with growth of 29% in fiscal 2015. Partially offsetting some of this growth was the transfer of customers and revenue in Mexico and Central America to Neogen Latinoamerica, in order to more directly serve those customers.

Sales of Animal Care and Other products were relatively flat in fiscal 2015; on an organic basis, these sales were down 6%, partially due to the transfer of some customers to Neogen Latinoamerica. Within this category in fiscal 2014, the Company recorded strong sales of a wound care product caused by a supply disruption in the market. This product was available for sale from all competitors in fiscal 2015, and revenues for this product declined. Additionally, sales of a distributed antibiotic declined due to supplier discontinuance of the product. Small animal supplements rose by $1.7 million in fiscal 2015, due to strong sales of the Company's thyroid replacement offering for the canine market.

Rodenticides, Insecticides and Disinfectants sales increased 25% in fiscal 2015, largely the result of revenues gained from the Chem-Tech insecticide business acquisition in January 2014. Excluding the contribution from this acquisition, the organic increase in this category was 4%. Rodenticide sales increased 21%, primarily due to rodent infestations in the northwestern U.S. and the capture of new business. Partially offsetting this growth was a 12% decrease in sales of cleaners and disinfectants, due to unusually high sales in the prior year caused by the porcine virus outbreak, primarily in international markets.

DNA Testing revenues, excluding sales through Neogen Europe, Neogen do Brasil and Neogen China, which are reported elsewhere, increased 21% in fiscal 2015 as compared to the prior year. Continuing improvements to a number of proprietary service offerings, primarily targeted at dairy and beef cattle markets, helped the Company increase sales to existing customers and gain market share. Additionally, there were strong sales to a new poultry customer in the current fiscal year.

Year Ended May 31, 2014 Compared to Year Ended May 31, 2013

The Company's Food Safety segment revenues were $116.3 million in fiscal 2014, up 10% compared to fiscal 2013, with increases in each major product category. Sales of Natural Toxins, Allergens and Drug Residues increased 5% in fiscal 2014 compared to the prior year. Allergen sales, including meat speciation kits, increased 18%, as food product recalls caused by mislabeled products containing allergenic components helped drive increased testing. Sales of test kits in the Drug Residue product line, which are used to detect the presence of antibiotics in dairy milk, rose by 8% compared to the prior year, driven by increases in Europe and Brazil. Sales of Natural Toxins test kits declined 3% as strong sales of test kits, readers and accessories in the prior year resulting from significant aflatoxin and DON outbreaks in both the U.S. and Europe did not repeat in fiscal 2014, as crops in the U.S. were relatively clean.

Bacterial and General Sanitation revenues increased 13% in the current fiscal year compared to the prior year. Within this category, ampoule media and filter sales increased 32% over the prior year as the Company increased market share in this product line particularly in the beverage industry. The Soleris product line, which detects spoilage organisms such as yeast and mold, increased 17%, primarily due to gains in Europe, Mexico and the domestic beverage market, while the AccuPoint line, designed to measure environmental cleanliness, increased 18%, both compared to the prior year, due to focused marketing programs. Offsetting these gains, Pathogen sales were down 4% in fiscal 2014 compared to fiscal 2013, due primarily to lower ANSR equipment sales.

Dehydrated Culture Media and Other revenues increased 16% over the prior year. Genomics service revenues and life sciences products sold through Neogen Europe to European customers led the growth in this category. Sales of dehydrated culture media to Food Safety customers increased by 20% compared to the prior year, led by strong performance in the U.S. commercial labs market as the Company secured new business at the corporate level with several large labs. However, sales of Acumedia products to international distributors and domestic industrial customers only increased 2%, with both sales groups having large revenue increases in the prior year.

The Company's Animal Safety segment revenues were $131.1 million for the year ended May 31, 2014, an increase of $29.7 million, or 29%, compared to the same period in the prior year. The segment benefitted from three acquisitions the Company completed during fiscal 2014; these acquisitions and the two acquisitions completed in fiscal 2013 contributed $23.7 million in revenues in fiscal 2014. Organic growth for the segment was 6% in fiscal 2014.

Life Sciences product revenue declined by 3% in fiscal 2014 compared to fiscal 2013, primarily due to continuing weakness in racing kits revenues, the result of fewer racetracks in the U.S., and consolidation of state testing labs. Additionally, approximately $700,000 in substrate business was transferred to Neogen Europe in fiscal 2014, which reports through the Food Safety segment, to better support the customer base in Europe with the Company's sales and support staff located there. Offsetting these declines was a 21% increase in forensic kit sales, the result of new business and increased volume from existing customers.

Veterinary Instruments and Disposables revenues were $28.4 million in fiscal 2014, an increase of 70% compared to fiscal 2013. This line benefitted from the acquisitions of SyrVet in July 2013, and Prima Tech in November 2013; both of these businesses were focused on veterinary instruments. Growth in this line excluding acquisitions was 4%. The Company's patented line of detectable needles continued its consistent growth history with an organic increase of 11%. Sales of shoulder gloves increased 17% organically, as the SyrVet acquisition helped the Company to gain market share with a more robust product line. Sales of disposable syringes were down due to order timing from a large international customer. Also, specialty needle sales were down 29%, due to a customer's change in protocol which led to lower volumes of needle use.

Growth in Animal Care and Other products was 20% in fiscal 2014; organic growth was 4%, the remainder from acquisitions, primarily animal marking products from Prima Tech, hoof and leg care items from SyrVet and veterinary antibiotics from Macleod. Within this product line, sales of joint supplements for horses and dogs increased 94% due to market supply disruptions, while wound dressing revenues rose 28% as the Company increased private label sales and gained market share. Vaccine sales for equine botulism Type B increased 10%, reversing two years of declining sales as the equine market rebounded in fiscal 2014. These increases offset a 14% decline in sales of the Company's canine thyroid replacement products; the decline was the result of a difficult comparative year, as fiscal 2013 sales were extraordinarily high due to competitor shutdowns. While the Company retained a portion of its increased market share from fiscal 2013, all competitors of this product line were operating for the entire year in fiscal 2014.

Sales of Rodenticides, Insecticides and Disinfectants, the Company's biosecurity product offerings, rose 35% for the year. The Company's purchase of Chem-Tech, a manufacturer and marketer of insecticides in January 2014 provided $7.2 million of the $9.6 million increase. Organic growth was 9% in this product line, with particular strength in the Company's cleaners and disinfectants, up 22% for the year. These increases resulted from a number of disease outbreaks during the year, such as avian influenza and porcine virus, which raised awareness of the necessity of cleaning and disinfecting animal facilities. Offsetting these increases was a 4% decline in rodenticides, primarily due to adverse weather conditions in the sugar cane industry in Puerto Rico, one of the Company's key markets. Additionally, the Company's evaluation of economic conditions and risks in countries such as Venezuela resulted in lower credit limits for some customers in those countries, with lower resultant sales.

DNA Testing revenues, excluding sales through Neogen Europe and Neogen do Brasil, increased 14% in fiscal 2014 compared to fiscal 2013, due primarily to continued strength in products introduced in the latter half of fiscal 2013, and new products for the detection of developmental defects in cattle, introduced in fiscal 2014. The customizable nature of the new proprietary offerings allowed the Company to expand market share with beef breed associations. Additionally, revenues for canine genotyping increased $660,000 in fiscal 2014, primarily due to the Company's relationship with a number of canine associations.

Cost of Revenues

(Dollars in thousands)	**2015**	**Increase**	2014	Increase	2013
Cost of Revenues	**$ 143,389**	**15%**	$ 124,807	27%	$ 98,034

Cost of revenues increased 15% in fiscal 2015 and 27% in fiscal 2014 in comparison with the prior years. This compares with revenue increases of 14% and 19%, respectively. Expressed as a percentage of revenues, cost of revenues was 51%, 50% and 47% in fiscal years 2015, 2014 and 2013, respectively. For fiscal 2015, the strength of the U.S. dollar, which adversely impacted top line revenue with no corresponding decline in product cost, had the largest impact on the slight decline in gross margins. For fiscal year 2014, the increase in cost of revenues, expressed as a percentage of sales, and the corresponding decline in gross margin percentage was due to the overall shift in revenues towards Animal Safety products and product mix shifts within each segment.

Food Safety gross margins were 60%, 63% and 64% in fiscal years 2015, 2014 and 2013, respectively. In fiscal 2015, the lower gross margins resulted from the strength in the U.S. dollar, which resulted in lower revenues and gross margins when international sales, primarily in Europe, Mexico and Brazil, were converted from local currencies to the dollar. All currencies the Company operates in weakened against the dollar in fiscal 2015, and pressured margins. Additionally, a mix shift, the result of transferring revenues of lower gross margin Animal Safety products for customers in Mexico and Central America to Neogen Latinoamerica, negatively impacted gross margins in Food Safety. In fiscal 2014, gross margins declined due to a product mix shift, primarily the result of lower sales of mycotoxin test kits due to crops that were largely free of the natural toxins aflatoxin and deoxynivalenol, which had contributed to strong sales of the Company's mycotoxin test kits in fiscal 2013. The lower mycotoxin revenues in fiscal 2014 were replaced with higher revenues in other product lines, such as dehydrated culture media, which had lower gross margins.

Animal Safety gross margins were 40%, 38% and 41% in fiscal years 2015, 2014 and 2013, respectively. The improved margins in fiscal 2015 compared to fiscal 2014 reflect a mix shift towards higher margin products and efficiency gains made in a number of the segment's operating units. Rodenticides, which have higher than average gross margins within the segment, had a sales increase of 21% due to a rodent infestation in the northwest U.S., and the Company's small animal supplements product line experienced an increase of 23%, due to higher sales of the Company's higher margin thyroid replacement product. The decline in gross margins in 2014 compared to 2013 was largely the result of product mix shifts within the segment during the year, and the impact from three acquisitions the Company made in 2014, which had gross margins which were lower than the segment average.

Operating Expenses

(Dollars in thousands)	**2015**	**Increase**	2014	Increase	2013
Sales and Marketing	**$ 51,757**	**11%**	$ 46,432	14%	$ 40,791
General and Administrative	**25,233**	**3%**	24,449	21%	20,216
Research and Development	**9,577**	**15%**	8,326	7%	7,781

Sales and marketing expenses increased by 11% in fiscal 2015 and 14% in fiscal 2014, each compared with the prior year. As a percentage of sales, sales and marketing expense was 18%, 19% and 20% in fiscal years 2015, 2014 and 2013, respectively. The Company continued to invest in sales and marketing personnel in fiscal 2015; however, efficiencies of scale were achieved with the integration of recent acquisitions, resulting in a lower rate of increase in expense than the increase in revenues. Salaries and commission expense were the largest increase in this category at 15% in fiscal 2015 and 11% in fiscal 2014, reflecting the increase in personnel and revenue. Other significant increases were shipping expense, which was 15% higher and was commensurate with the increase in revenues, and other personnel-related expenses, such as fringe benefits and travel.

General and administrative expenses increased 3% in fiscal 2015 compared to fiscal 2014 and by 21% in fiscal 2014 compared to fiscal 2013.

The increases in fiscal years 2015 and 2014, respectively, are primarily due to higher stock option expense and increased amortization of intangible assets resulting from the Company's recent acquisitions. Also contributing to the fiscal 2014 increase were increased salary and other personnel-related expenses, primarily due to the integration of acquisitions from fiscal years 2013 and 2014. A $1.2 million, or 73%, decrease in legal expenses, primarily related to a lawsuit that was settled in October 2014, partially offset the increase in this category for fiscal 2015.

Research and development expenses increased 15% in fiscal 2015 compared to fiscal 2014 and 7% in fiscal 2014 compared to fiscal 2013. In fiscal 2015, the increase in expense was primarily due to higher salaries, resulting from increased headcount needed to support the Company's efforts, and outside services and lab supplies, due to higher levels of commercialization activities. As a percentage of revenue, these expenses were 3% in fiscal years 2015 and 2014 and 4% in fiscal 2013. The decline in expenditures, expressed as a percentage of revenue, is attributable to acquisitions the Company completed in fiscal year 2014 with products which generally require relatively less investment in research and development. For those products requiring support by research and development, which are primarily Food Safety diagnostics products, the Company estimates that it spends 8-10% of revenues in its research and development efforts. On a consolidated basis, the Company expects to continue to spend 3% to 5% of total revenue on research and development annually.

Operating Income

(Dollars in thousands)	**2015**	**Increase**	2014	Increase	2013
Operating Income	**$ 53,118**	**22%**	$ 43,391	7%	$ 40,706

The Company's operating income increased by 22% in fiscal 2015 compared to fiscal 2014, and by 7% in fiscal 2014 compared to fiscal 2013. Expressed as a percentage of revenues, it was 19%, 18% and 20% in fiscal years 2015, 2014 and 2013, respectively.

In fiscal 2015, the 22% increase in operating income was due to the 14% increase in revenues and lower increases in sales and marketing and general and administrative expenses, partially offset by the slight reduction in gross margin expressed as a percentage of revenues. The Company was able to increase revenues at a faster rate than expenses in these categories due to efficiencies of scale gained from recent acquisitions.

The increase in operating income of 7% in fiscal 2014 was largely the result of the 19% increase in revenues; however, product mix shifts within both the Food Safety and Animal Safety segments towards lower margin products, and the lower gross margins from the three acquisitions, resulted in a 320 basis point reduction in the overall gross margin percentage, and was the primary reason operating income as a percentage of revenues declined from 20% in fiscal 2013 to 18% in fiscal 2014.

Other Income (Expense)

(Dollars in thousands)	**2015**	**Increase/ (Decrease)**	2014	Increase/ (Decrease)	2013
Other Income (Expense)	**$ (1,042)**	**(189%)**	$ (360)	(183%)	$ 435

Other Income (Expense) consists principally of royalty income, interest income from investing the Company's excess cash balances, the impact of foreign currency transactions, adjustments to contingent considerations, and other miscellaneous items.

In fiscal 2015, Other Income (Expense) primarily consisted of losses on foreign currency translations of $1,124,000, the result of the stronger U.S. dollar during the year. In addition, the Company recognized interest income of $228,000, royalty income of $150,000 and net expense of $297,000 resulting from contingent consideration payments made during the year for prior year acquisitions. The contingent consideration adjustments consisted of $241,000 of income for SyrVet, $454,000 of expense for Prima Tech, and $84,000 of expense for Chem-Tech; these adjustments were the difference between the liability recorded at the initial purchase of each business and the actual payment made to the former owners, and were based on the achievement of sales goals for the first twelve months of the Company's ownership.

In fiscal 2014, Other Income (Expense) consisted primarily of losses on foreign currency translations of $717,000, partially offset by $231,000 in royalty income and $115,000 in interest income.

In fiscal 2013, Other Income (Expense) primarily consisted of royalty income totaling $364,000, interest income of $144,000 and $100,000 for the reversal of the contingent consideration obligation relating to the Igenity acquisition, due to lower than projected sales for the first year. This was offset by $114,000 of contingent consideration expense for the final year relating to the GeneSeek acquisition and losses on foreign currency translations totaling $166,000.

Provision for Income Taxes

(Dollars in thousands)	**2015**	**Increase**	2014	Increase	2013
Provision for Income Taxes	**$ 18,500**	**23%**	$ 15,000	6%	$ 14,100

The effective tax rate was 36% of pretax income in fiscal 2015, 35% in fiscal 2014 and 34% in fiscal 2013. Differences in the tax rate from the 35% statutory corporate rate were primarily due to the provision for state taxes, offset by tax credits related to manufacturing and research and development activities. The effective tax rate increased slightly in 2015 due to the Company's presence in additional states due to recent acquisitions and a valuation allowance for deferred tax assets at Neogen do Brasil. The effective tax rate for fiscal 2014 was slightly higher than fiscal 2013 due to the expiration of the credit for research and development activities as of December 31, 2013. This credit was eventually extended and was included in the fiscal 2015 provision, however, the Company qualified for a lower credit than in previous years due to the addition of revenues from several acquisitions with very little research and development expense.

Net Income and Net Income Per Share

(Dollars in thousands, except per share data)	2015	Increase	2014	Increase	2013
Net Income Attributable to Neogen	**$ 33,526**	**19%**	$ 28,158	4%	$ 27,190
Net Income Per Share – Basic	**$ 0.91**		$ 0.77		$ 0.76
Net Income Per Share – Diluted	**$ 0.90**		$ 0.76		$ 0.75

Net income increased by 19% in fiscal 2015 and increased by 4% in fiscal 2014, each in comparison with the prior year. As a percentage of revenue, net income was 12% in fiscal 2015, 11% in fiscal 2014 and 13% in fiscal 2013.

FUTURE OPERATING RESULTS

Neogen Corporation's future operating results involve a number of risks and uncertainties. Actual events or results may differ materially from those discussed in this report. Factors that could cause or contribute to such differences include, but are not limited to, the factors discussed below as well as those discussed elsewhere in this report. Management's ability to grow the business in the future depends upon its ability to successfully implement various strategies, including:

- developing, manufacturing and marketing new products with new features and capabilities;
- expanding the Company's markets by fostering increased use of Company products by customers;
- maintaining or increasing gross and net operating margins in changing cost environments;
- strengthening sales and marketing activities in geographies outside of the U.S.;
- developing and implementing new technology development strategies; and
- identifying and completing acquisitions that enhance existing product categories or create new products or services.

FINANCIAL CONDITION AND LIQUIDITY

On May 31, 2015, the Company had $66.1 million in cash and cash equivalents, $48.1 million in marketable securities and working capital of $205.7 million. For the year ended May 31, 2015, cash generated from operating activities was $43.8 million, double the $21.7 million generated in fiscal 2014; proceeds from stock option exercises provided an additional $8.6 million of cash. For the same period, additions to property and equipment and business acquisitions used cash of $9.6 million and $6.6 million, respectively. The Company has a financing agreement with a bank providing for an unsecured revolving line of credit of $12.0 million, which expires on September 1, 2017. There were no advances against this line of credit during fiscal years 2015, 2014 and 2013, and no balance outstanding at May 31, 2015 and 2014.

Accounts receivable at May 31, 2015 increased $7.3 million, or 14%, compared to May 31, 2014, primarily due to the increase in revenues. Days sales outstanding, a measurement of the time it takes to collect receivables, decreased slightly from 64 days at May 31, 2014 to 63 days at May 31, 2015. All customer accounts are actively managed and no losses in excess of amounts reserved are currently expected.

Inventory levels increased by $0.4 million or 1%, in fiscal 2015 compared to May 31, 2014. Throughout fiscal 2015, the Company focused on reducing inventory levels and improving inventory turnover, while identifying and rationalizing redundant product lines resulting from recent acquisitions. Inventory turnover improved from 3.0 to 3.2 times per year.

Neogen has been profitable from operations for its last 89 quarters and has generated positive cash flow from operations during this period. However, the Company's cash on hand and current borrowing availability may not be sufficient to meet the Company's cash requirements to commercialize products currently under development or its potential plans to acquire additional businesses, technology and products that fit within the Company's strategic plan. Accordingly, the Company may be required, or may choose, to issue equity securities or enter into other financing arrangements for a portion of the its future capital needs.

The Company is subject to certain legal and other proceedings in the normal course of business that have not had, and, in the opinion of management, are not expected to have, a material effect on its results of operations or financial position.

Contractual Obligations

The Company has the following contractual obligations due by period:

(In thousands)	Total	Less than one year	1–3 years	3–5 years	More than 5 years
Long-Term Debt	$ –	$ –	$ –	$ –	$ –
Operating Leases	894	424	322	148	–
Unconditional Purchase Obligations	49,390	49,390	–	–	–
	$ 50,284	$ 49,814	$ 322	$ 148	$ –

New Accounting Pronouncements

See discussion of any New Accounting Pronouncements in Note 1 to Consolidated Financial Statements.

Neogen Corporation and Subsidiaries: Consolidated Balance Sheets

Assets (In thousands)	Year ended May 31 2015	2014
Current Assets		
Cash and cash equivalents	$ 66,061	$ 40,675
Marketable securities	48,103	35,821
Accounts receivable, less allowance of $1,300 and $1,200 at May 31, 2015 and 2014	59,208	51,901
Inventories	51,601	51,178
Deferred income taxes	1,991	1,710
Prepaid expenses and other current assets	4,231	7,461
Total Current Assets	231,195	188,746
Property and Equipment		
Land and improvements	2,296	1,875
Buildings and improvements	26,925	26,456
Machinery and equipment	46,794	40,333
Furniture and fixtures	2,691	2,282
Construction in progress	783	1,659
	79,489	72,605
Less accumulated depreciation	35,016	30,656
Net Property and Equipment	44,473	41,949
Other Assets		
Goodwill	70,119	68,190
Other non-amortizable intangible assets	9,020	9,682
Amortizable customer-based intangibles, net of accumulated amortization of $14,446 and $11,915 at May 31, 2015 and 2014	24,170	25,230
Other non-current assets, net of accumulated amortization of $7,191 and $5,494 at May 31, 2015 and 2014	13,204	11,504
Total Other Assets	116,513	114,606
	$ 392,181	$ 345,301

Liabilities and Equity (In thousands, except share and per share)	2015	2014
Current Liabilities		
Accounts payable	$ 13,691	$ 13,396
Accruals		
Compensation and benefits	4,142	4,357
Federal income taxes	1,275	–
Other	6,348	7,214
Total Current Liabilities	25,456	24,967
Deferred Income Taxes	13,711	12,155
Other Long-Term Liabilities	2,051	1,879
Total Liabilities	41,218	39,001
Commitments and contingencies (note 7)		
Equity		
Preferred stock, $1.00 par value - shares authorized 100,000; none issued and outstanding	–	–
Common stock, $0.16 par value - shares authorized 60,000,000; 37,128,269 and 36,732,313 shares issued and outstanding at May 31, 2015 and 2014	5,941	5,877
Additional paid-in capital	131,906	118,070
Accumulated other comprehensive income (loss)	(2,442)	371
Retained earnings	215,569	182,043
Total Neogen Corporation and Subsidiaries Stockholders' Equity	350,974	306,361
Noncontrolling interest	(11)	(61)
Total Equity	350,963	306,300
	$ 392,181	$ 345,301

See accompanying notes to consolidated financial statements.

Neogen Corporation and Subsidiaries: Consolidated Statements of Income

(In thousands, except per share)	Year ended May 31 **2015**	2014	2013
Revenues			
Product revenues	**$ 247,940**	$ 219,734	$ 184,134
Service revenues	**35,134**	27,671	23,394
Total Revenues	**283,074**	247,405	207,528
Cost of Revenues			
Cost of product revenues	**121,455**	107,167	84,045
Cost of service revenues	**21,934**	17,640	13,989
Total Cost of Revenues	**143,389**	124,807	98,034
Gross Margin	**139,685**	122,598	109,494
Operating Expenses			
Sales and marketing	**51,757**	46,432	40,791
General and administrative	**25,233**	24,449	20,216
Research and development	**9,577**	8,326	7,781
	86,567	79,207	68,788
Operating Income	**53,118**	43,391	40,706
Other Income (Expense)			
Interest income	**228**	115	144
Royalty income	**150**	231	364
Change in purchase consideration	**(297)**	38	(14)
Other, net	**(1,123)**	(744)	(59)
	(1,042)	(360)	435
Income Before Income Taxes	**52,076**	43,031	41,141
Provision for Income Taxes	**118,500**	15,000	14,100
Net Income	**33,576**	28,031	27,041
Net (Income) Loss Attributable to Noncontrolling Interest	**(50)**	127	149
Net Income Attributable to Neogen	**$ 33,526**	$ 28,158	$ 27,190
Net Income Attributable to Neogen Per Share			
Basic	**$ 0.91**	$ 0.77	$ 0.76
Diluted	**$ 0.90**	$ 0.76	$ 0.75

Neogen Corporation and Subsidiaries: Consolidated Statements of Comprehensive Income

(In thousands)	Year ended May 31 **2015**	2014	2013
Net Income	**$ 33,576**	$ 28,031	$ 27,041
Other Comprehensive Income (Loss), Net of Tax: Currency Translation Adjustments	**(2,813)**	1,743	(145)
Other Comprehensive Income (Loss)	**(2,813)**	1,743	(145)
Comprehensive Income	**30,763**	29,774	26,896
Comprehensive (Income) Loss Attributable to Noncontrolling Interest	**(50)**	127	149
Comprehensive Income Attributable to Neogen Corporation	**$ 30,713**	$ 29,901	$ 27,045

See accompanying notes to consolidated financial statements.

Neogen Corporation and Subsidiaries: Consolidated Statements of Equity

(In thousands, except shares)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interest	Total Equity
Balance, May 31, 2012	35,429,641	$ 5,668	$ 87,703	$ (1,227)	$ 126,695	$ 215	$ 219,054
Exercise of options and warrants, including share-based compensation and $3,113 income tax benefit	631,992	101	11,700				11,801
Issuance of shares under Employee Stock Purchase Plan	22,388	4	532				536
Net income (loss) for 2013					27,190	(149)	27,041
Other comprehensive loss				(145)			(145)
Balance, May 31, 2013	36,084,021	5,773	99,935	(1,372)	153,885	66	$ 258,287
Exercise of options and warrants, including share-based compensation and $4,757 income tax benefit	629,826	101	17,522				17,623
Issuance of shares under Employee Stock Purchase Plan	18,466	3	613				616
Net income (loss) for 2014					28,158	(127)	28,031
Other comprehensive loss				1,743			1,743
Balance, May 31, 2014	36,732,313	5,877	118,070	371	182,043	(61)	$ 306,300
Exercise of options and warrants, including share-based compensation and $2,475 income tax benefit	376,364	61	13,115				13,176
Issuance of shares under Employee Stock Purchase Plan	19,592	3	721				724
Net income for 2015					33,526	50	33,576
Other comprehensive loss				(2,813)			(2,813)
Balance, May 31, 2015	**37,128,269**	**$ 5,941**	**$ 131,906**	**$ (2,442)**	**$ 215,569**	**$ (11)**	**$ 350,963**

See accompanying notes to consolidated financial statements.

Neogen Corporation and Subsidiaries: Consolidated Statements of Cash Flows

	Year ended May 31		
(In thousands)	**2015**	2014	2013
Cash flows from operating activities			
Net income	**$ 33,576**	$ 28,031	$ 27,041
Adjustments to reconcile net income to net cash provided from operating activities:			
Depreciation and amortization	**10,649**	9,180	7,411
Deferred income taxes	**496**	(542)	287
Share-based compensation	**4,450**	3,686	3,064
Excess income tax benefit from the exercise of stock options	**(2,475)**	(4,757)	(3,113)
Changes in operating assets and liabilities, net of business acquisitions:			
Accounts receivable	**(7,252)**	(10,602)	(2,674)
Inventories	**319**	(3,529)	(2,082)
Prepaid expenses and other current assets	**3,264**	(2,654)	(1,505)
Accounts payable	**412**	1,970	(1,417)
Accruals and other changes	**353**	885	(451)
Net cash from operating activities	**43,792**	21,668	26,561
Cash flows used in investing activities			
Purchases of property, equipment and other noncurrent assets	**(9,619)**	(11,543)	(8,897)
Proceeds from the sale of marketable securities	**93,662**	91,207	67,039
Purchases of marketable securities	**(105,944)**	(91,691)	(82,776)
Business acquisitions, net of cash acquired	**(6,554)**	(39,265)	(13,318)
Net cash used in investing activities	**(28,455)**	(51,292)	(37,952)
Cash flows from financing activities			
Exercise of stock options	**8,558**	14,851	9,533
Excess income tax benefit from the exercise of stock options	**2,475**	4,757	3,113
Decrease in other long-term liabilities	**–**	–	(155)
Net cash from financing activities	**11,033**	19,608	12,491
Effect of exchange rate on cash	**(984)**	659	(113)
Net increase (decrease) in cash and cash equivalents	**25,386**	(9,357)	987
Cash and cash equivalents at beginning of year	**40,675**	50,032	49,045
Cash and cash equivalents at end of year	**$ 66,061**	$ 40,675	$ 50,032
Supplement cash flow information			
Income taxes paid, net of refunds	**$ 10,454**	$ 9,956	$ 8,986

See accompanying notes to consolidated financial statements.

Neogen Corporation and Subsidiaries: Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Neogen Corporation develops, manufactures, and markets a diverse line of products and services dedicated to food and animal safety.

Basis of Consolidation

The consolidated financial statements include the accounts of Neogen Corporation and its subsidiaries (collectively, the Company), all of which are wholly owned, with the exception of Neogen Latinoamerica S.A.P.I. DE C.V. and Neogen do Brasil, which are each 90% owned as of May 31, 2015 and 2014, respectively. The Company made an additional capital contribution on December 31, 2013 which increased its ownership interest in Neogen Latinoamerica from 60% to 90%. Noncontrolling interest represents the noncontrolling owner's proportionate share in the equity of the Company's majority owned subsidiaries. The noncontrolling owner's proportionate share in the income or losses of the Company's majority owned subsidiaries is subtracted from, or added to, net income to calculate the net income attributable to Neogen Corporation.

All intercompany accounts and transactions have been eliminated in consolidation.

Share and per share amounts reflect the October 30, 2013 3-for-2 stock split as if it took place at the beginning of the period presented.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Comprehensive Income

Comprehensive income represents net income and any revenues, expenses, gains and losses that, under U.S. generally accepted accounting principles, are excluded from net income and recognized directly as a component of equity. Accumulated other comprehensive income (loss) consists solely of foreign currency translation adjustments.

Accounts Receivable and Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable. Management attempts to minimize credit risk by reviewing customers' credit history before extending credit and by monitoring credit exposure on a regular basis. An allowance for doubtful accounts on accounts receivable is established based upon factors surrounding the credit risk of specific customers, historical trends and other information. Collateral or other security is generally not required for accounts receivable. Once a receivable balance has been determined to be uncollectible, that amount is written off to the allowance for doubtful accounts. No customer accounted for more than 10% of accounts receivable at May 31, 2015. The activity in the allowance for doubtful accounts was as follows:

Year ended May 31 *(In thousands)*	**2015**	2014	2013
Beginning balance	**$ 1,200**	$ 900	$ 800
Provision	**337**	367	193
Recoveries	**92**	8	24
Write-offs	**(329)**	(75)	(117)
Ending balance	**$ 1,300**	$ 1,200	$ 900

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments other than cash equivalents and marketable securities, which include accounts receivable and accounts payable, approximate fair value based on either their short maturity or current terms for similar instruments.

Fair Value Measurements

Fair value measurements are determined based upon the exit price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants exclusive of any transaction costs. The Company utilizes a fair value hierarchy based upon the observability of inputs used in valuation techniques as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank demand accounts, savings deposits, certificates of deposit and commercial paper with original maturities of 90 days or less. Cash and cash equivalents were $66,061,000 and $40,675,000 at May 31, 2015 and 2014, respectively. The carrying value of these assets approximates fair value due to the short maturity of these instruments and meet the Level 1 criteria. Cash held at foreign subsidiaries was $13,277,000 and $10,234,000 at May 31, 2015 and 2014, respectively.

Marketable Securities

The Company has marketable securities held by banks or broker-dealers consisting of short-term domestic certificates of deposit of $26,109,000 and commercial paper rated at least A-2/P-2 with maturities between 91 days and one year of $21,994,000. Outstanding marketable securities at May 31, 2015 were $48,103,000; there were $35,821,000 marketable securities outstanding at May 31, 2014. These securities are classified as available for sale. The primary objective of the Company's short-term investment activity is to preserve capital for the purpose of funding operations, capital expenditures and business acquisitions; short-term investments are not entered into for trading or speculative purposes. These securities are recorded at fair value (that approximates cost) based on recent trades or pricing models and therefore meet the Level 2 criteria. Interest income on these investments is recorded within Other Income on the income statement.

Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out method, or market. The components of inventories were as follows:

Year ended May 31 *(In thousands)*	2015	2014
Raw materials	$ 21,605	$ 21,515
Work-in-process	3,972	3,681
Finished and purchased finished goods	26,024	25,982
	$ 51,601	$ 51,178

The Company's inventories are analyzed for slow moving, expired and obsolete items no less frequently than quarterly and the valuation allowance is adjusted as required. The valuation allowance for inventory was $1,550,000 and $1,425,000 at May 31, 2015 and 2014, respectively.

Property and Equipment

Property and equipment is stated at cost. Expenditures for major improvements are capitalized while repairs and maintenance are charged to expense. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets, which are generally seven to 39 years for buildings and improvements and three to ten years for furniture, fixtures, machinery and equipment. Depreciation expense was $6,318,000, $5,383,000 and $4,417,000 in fiscal years 2015, 2014 and 2013, respectively.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price over fair value of tangible net assets of acquired businesses after amounts are allocated to other identifiable intangible assets. Other intangible assets include customer relationships, trademarks, licenses, trade names, covenants not-to-compete and patents. Amortizable intangible assets are amortized on either an accelerated or a straight-line basis over 5 to 25 years. The Company reviews the carrying amounts of goodwill and other non-amortizable intangible assets annually, or when indications of impairment exist, to determine if such assets may be impaired. If the Company's qualitative assessment concludes that it is more likely than not that an impairment exists, or the Company skips the qualitative assessment, then the Company performs a quantitative assessment. If the carrying amounts of these assets are deemed to be less than fair value based upon a discounted cash flow analysis and comparison to comparable earnings multiples of peer companies, such assets are reduced to their estimated fair value and a charge is made to operations. The remaining weighted-average amortization period for customer-based intangibles and other intangibles are both 12 years, respectively, at May 31, 2015 and May 31, 2014.

Long-lived Assets

Management reviews the carrying values of its long-lived assets to be held and used, including definite-lived intangible assets, for possible impairment whenever events or changes in business conditions warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated separately identifiable undiscounted cash flows over the remaining useful life of the asset are less than the carrying value of the asset. In such an event, fair value is determined using discounted cash flows and if lower than the carrying value, impairment is recognized through a charge to operations.

Reclassifications

Certain amounts in the fiscal 2014 and 2013 financial statements have been reclassified to conform to the fiscal 2015 presentation.

Stock Options

At May 31, 2015, the Company had stock option plans which are described more fully in Note 5.

The weighted-average fair value per share of stock options granted during fiscal years 2015, 2014 and 2013, estimated on the date of grant using the Black-Scholes option pricing model, was $11.91, $9.87 and $9.21, respectively. The fair value of stock options granted was estimated using the following weighted-average assumptions:

Year ended May 31	**2015**	2014	2013
Risk-free interest rate	**1.2%**	0.8%	1.2%
Expected dividend yield	**0%**	0%	0%
Expected stock price volatility	**36.2%**	33.1%	39.2%
Expected option life	**4.0 years**	4.0 years	4.0 years

The risk-free interest rate for periods within the expected life of options granted is based on the United States Treasury yield curve in effect at the time of grant. Expected stock price volatility is based on historical volatility of the Company's stock. The expected option life, representing the period of time that options granted are expected to be outstanding, is based on historical option exercise and employee termination data. The Company recognizes the fair value of stock options using the accelerated method over their requisite service periods which the Company has determined to be the vesting periods.

Revenue Recognition

Revenue from products and services is recognized when the product has been shipped or the service performed, the sales price is fixed and determinable, and collection of any receivable is probable. To the extent that customer payment has been received before all recognition criteria are met, these revenues are initially deferred and later recognized in the period that all recognition criteria have been met. Customer credits for sales returns, pricing and other disputes, and other related matters (including volume rebates offered to certain distributors as marketing support) represent approximately 3% of reported net revenue for each period presented.

Shipping and Handling Costs

Shipping and handling costs that are charged to and reimbursed by the customer are recognized as revenues, while the related expenses incurred by the Company are recorded in sales and marketing expense; these expenses totaled $8,648,000, $7,497,000 and $6,856,000 in fiscal years 2015, 2014 and 2013, respectively.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and for tax credit carry forwards and are measured using the enacted tax rates in effect for the years in which the differences are expected to reverse. Deferred income tax expense represents the change in net deferred income tax assets and liabilities during the year.

The Company's foreign subsidiaries are comprised of Neogen Europe (wholly-owned subsidiary), Neogen Latinoamerica (90% owned subsidiary), Neogen do Brasil (90% owned subsidiary) and Neogen China (wholly-owned subsidiary). Based on historical experience, as well as the Company's future plans, earnings from these subsidiaries are expected to be re-invested indefinitely for future expansion and working capital needs. Furthermore, the Company's domestic operations have historically produced sufficient operating cash flow to mitigate the need to remit foreign earnings. On an annual basis, the Company evaluates the current business environment and whether any new events or other external changes might require a re-evaluation of the decision to indefinitely re-invest foreign earnings. At May 31, 2015, unremitted earnings of the foreign subsidiaries were $24,423,000.

Research and Development Costs

Research and development costs, which consist primarily of compensation costs, administrative expenses and new product development, among other items, are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred and totaled $1,371,000, $1,344,000 and $1,055,000 in fiscal years 2015, 2014 and 2013, respectively.

Net Income Attributable to Neogen per Share

Basic net income per share is based on the weighted average number of common shares outstanding during each year. Diluted earnings per share is based on the weighted average number of common shares and dilutive potential common shares outstanding. The Company's dilutive potential common shares outstanding during the years result entirely from dilutive stock options. The following table presents the net income per share calculations:

Year ended May 31 *(In thousands, except per share),*	**2015**	2014	2013
Numerator for basic and diluted net income per share			
Net income attributable to Neogen	**$ 33,526**	$ 28,158	$ 27,190
Denominator for basic net income per share weighted average shares	**36,953**	36,511	35,768
Effect of dilutive stock options	**491**	756	723
Denominator for diluted net income per share	**37,444**	37,267	36,491
Net income attributable to Neogen per share:			
Basic	**$ 0.91**	$ 0.77	$ 0.76
Diluted	**$ 0.90**	$ 0.76	$ 0.75

At May 31, 2014 and 2013, 48,716 and 88,912 shares, respectively, were excluded from the computations of diluted net income per share, as the option exercise prices exceeded the average market price of the common shares. At May 31, 2015, the market price of the common stock exceeded the option exercise price for all outstanding options; therefore, no shares were excluded from the computation.

On October 30, 2013, the Company paid a 3-for-2 stock split effected in the form of a dividend of its common stock. All share and per share amounts, with the exception of par value per share, have been adjusted to reflect the stock split as if it had taken place at the beginning of the period presented. The common stock and additional paid-in capital accounts at May 31, 2013 reflect the retroactive capitalization of the 3-for-2 stock split.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued a new standard on revenue recognition. The new standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is designed to create greater comparability for financial statement users across industries and jurisdictions and also requires enhanced disclosures. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is not permitted. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

2. GOODWILL AND OTHER INTANGIBLE ASSETS

Management has completed the annual impairment analysis of goodwill and intangible assets with indefinite lives using a quantitative assessment as of the first day of the fourth quarter of fiscal years 2015, 2014 and 2013, respectively, and determined that recorded amounts were not impaired and that no write-down was necessary.

The following table summarizes goodwill by reportable segment:

(In thousands)	Food Safety	Animal Safety	Total
Balance, May 31, 2013	$ 16,696	$ 42,795	$ 59,491
Goodwill acquired and/or adjusted	–	8,699	8,699
Balance, May 31, 2014	$ 16,696	$ 51,494	$ 68,190
Goodwill acquired and/or adjusted	2,110	(181)	1,929
Balance, May 31, 2015	**$ 18,806**	**$ 51,313**	**$ 70,119**

At May 31, 2015, non-amortizable intangible assets included licenses of $569,000, trademarks of $7,227,000 and other intangibles of $1,224,000. At May 31, 2014, non-amortizable intangible assets included licenses of $569,000, trademarks of $7,889,000 and other intangibles of $1,224,000. The decrease in trademark values and goodwill in the Animal Safety segment from fiscal 2014 to fiscal 2015 was due to final valuation adjustments from the Chem-Tech acquisition.

Amortizable intangible assets consisted of the following and are included in customer based intangible and other noncurrent assets within the consolidated balance sheets:

(In thousands)	Gross Carrying Amount	Less Accumulated Amortization	Net Carrying Amount
Licenses	$ 4,919	$ 1,630	$ 3,289
Covenants not to compete	428	124	304
Patents	7,701	3,087	4,614
Customer relationship intangibles	38,616	14,446	24,170
Other product and service related intangibles	6,233	1,236	4,997
Balance, May 31, 2015	**$ 57,897**	**$ 20,523**	**$ 37,374**
Licenses	$ 6,701	$ 1,873	$ 4,828
Covenants not to compete	474	256	218
Patents	5,990	2,746	3,244
Customer relationship intangibles	37,145	11,915	25,230
Other product and service related intangibles	3,833	619	3,214
Balance, May 31, 2014	$ 54,143	$ 17,409	$ 36,734

Amortization expense for intangibles totaled $4,331,000, $3,797,000 and $2,994,000 in fiscal years 2015, 2014, and 2013, respectively. The estimated amortization expense for each of the five succeeding fiscal years is as follows: $4,323,000 in 2016, $4,186,000 in 2017, $3,949,000 in 2018, $3,329,000 in 2019 and $3,061,000 in 2020. The amortizable intangible assets useful lives are 5 to 20 years for licenses, 5 years for covenants not to compete, 5 to 25 years for patents, 10 to 20 years for customer relationship intangibles and 5 to 20 years for other product and service related intangibles, which primarily consist of product formulations. All definite lived intangibles are amortized on a straight line basis with the exception of definite lived customer relationship intangibles and product and service-related intangibles which are amortized on an accelerated basis.

3. BUSINESS COMBINATIONS

The Consolidated Statements of Income reflect the results of operations for business acquisitions since the respective dates of purchase. All are accounted for using the acquisition method. Goodwill recognized in the acquisitions described below relates primarily to enhancing the Company's strategic platform for the expansion of available product offerings.

On October 1, 2012, the Company acquired all of the stock of Macleod Pharmaceuticals Inc., of Fort Collins, Colorado. Macleod was the manufacturer of Uniprim, a leading veterinary antibiotic. The product is widely distributed throughout the U.S., and is also available in Canada through an exclusive distribution agreement. Consideration for the purchase was $9,918,000 in net cash and $100,000 accrued for contingent consideration. The final purchase price allocation, based upon the fair value of these assets determined using the income approach, included accounts receivable of $353,000, inventory of $1,238,000, property and equipment of $300,000, current liabilities of $82,000, deferred tax liabilities of $2,054,000, contingent consideration payment liabilities of $100,000, intangible assets of $5,542,000 and the remainder to goodwill (non-deductible for tax purposes). These values are Level 3 fair value measurements. This business was relocated to Lexington, Kentucky in December 2014 and integrated with the Company's operations there, reporting within the Animal Safety segment. In October 2013, the Company paid $62,000 for contingent consideration; the remaining $38,000 of the accrual was reversed to Other Income.

On January 2, 2013, the Company acquired the assets of Scidera Genomics LLC, an animal genomics business formerly based in Davis, California. The company, formerly operated as MetaMorphix, Inc., or MMI Genomics, performed parentage testing and trait analysis primarily for the cattle and canine industries. Consideration for the purchase was $3,400,000 in cash. The final purchase price allocation included current assets of $35,000, property and equipment of $246,000, intangible assets of $1,570,000 and the remainder to goodwill (deductible for tax purposes). These values are Level 3 fair value measurements. This business was relocated to the Company's GeneSeek operation in Lincoln, Nebraska in 2013, and reports within the Animal Safety segment.

On July 1, 2013, the Company acquired the assets of SyrVet Inc., a veterinary business based in Waukee, Iowa. SyrVet offered a product line similar to Neogen's Ideal Instruments line of veterinary instruments with a strong presence in Mexico and Latin America. Consideration for the purchase was $10,012,000 in cash and up to $1,500,000 of a contingent consideration liability, due at the end of the first year, based on an excess net sales formula. The Company estimated the contingent consideration liability to be $930,000, based on forecasted sales. The final purchase price allocation, based upon the fair value of these assets determined using the income approach, included accounts receivable of $747,000, net inventory of $2,195,000, property and equipment of $556,000, current liabilities of $226,000, contingent consideration liabilities of $930,000, non-amortizable trademarks of $790,000, intangible assets of $4,810,000 (with an estimated life of 15 years) and the remainder to goodwill (deductible for tax purposes). These values are Level 3 fair value measurements. This business has been relocated to Lexington, Kentucky and integrated with the Company's current operations there, reporting within the Animal Safety segment. In August 2014, the Company paid $689,000 to the former owner for contingent consideration based upon the achievement of sales targets; the remaining $241,000 of the accrual was reversed to Other Income.

On November 1, 2013, the Company acquired the assets of Prima Tech Incorporated, a veterinary instrument company based in Kenansville, North Carolina. Prima Tech manufactures devices used by farmers, ranchers, and veterinarians to inject animals, provide topical applications, and to use for oral administration. Prima Tech is also a supplier of products used in artificial insemination in the swine industry. Consideration for the purchase was $12,068,000 in cash and up to $600,000 of contingent consideration, due at the end of the first year, based on an excess net sales formula. The Company estimated the contingent consideration liability to be $146,000 based on forecasted sales. The final purchase price allocation, based upon the fair value of these assets determined using the income approach, included accounts receivable of $963,000, net inventory of $2,796,000, property and equipment of $1,653,000, prepaid assets of $8,000, current liabilities of $1,840,000, contingent consideration liabilities of $146,000, non-amortizable trademarks of $1,500,000, intangible assets of $4,400,000 (with an estimated life of 5-15 years) and the remainder to goodwill (deductible for tax purposes). These values are Level 3 fair value measurements. This business will continue to operate in its current location and reports within the Animal Safety segment. In October 2014, the Company paid the former owners $600,000 and recorded an additional $454,000 for contingent consideration, based on achievement of defined sales targets, which was charged to Other Expense.

On January 2, 2014, the Company acquired all of the stock of Chem-Tech Ltd., a pest control manufacturing and distribution business located in Pleasantville, Iowa. Consideration for the purchase was $17,185,000 in cash and up to $1,000,000 of a contingent consideration liability, due at the end of the first year, based on an excess net sales formula. The Company estimated the contingent consideration liability to be $390,000, based on forecasted sales. The final purchase price allocation included accounts receivable of $380,000, net inventory of $4,184,000, prepaid assets of $100,000, property and equipment of $807,000, current liabilities of $184,000, contingent consideration liabilities of $390,000, intangible assets of $8,327,000 (with an estimated life of 5-25 years) and the remainder to goodwill (deductible for tax purposes). These values are Level 3 fair value measurements. This business will continue to operate in its current location and reports within the Animal Safety segment. In February 2015, the Company paid the former owners $474,000 and recorded an additional $84,000 for contingent consideration, based upon achievement of sales targets, which was charged to Other Expense.

On October 1, 2014, the Company acquired all of the stock of BioLumix, Inc., a manufacturer and marketer of automated systems for the detection of microbial contaminants located in Ann Arbor, Michigan. Consideration for the purchase was $4,514,000 in cash. The preliminary purchase price allocation included accounts receivable of $499,000, other receivable of $178,000, net inventory of $421,000, prepaid assets of $48,000, property and equipment of $159,000, current liabilities of $130,000, long-term liabilities of $813,000, intangible assets of $2,109,000 (with an estimated life of 5-15 years) and the remainder to goodwill (non-deductible for tax purposes). These values are Level 3 fair value measurements. This business has been relocated to Lansing, Michigan and integrated with the Company's operations there, reporting within the Food Safety segment.

On December 8, 2014, the Company acquired the food safety and veterinary genomic assets of its Chinese distributor Beijing Anapure BioScientific Co., Ltd. Consideration for the purchase was $2,040,000 in cash. The preliminary purchase allocation included inventory of $525,000, property and equipment of $64,000, intangible assets of $20,000 (with an estimated life of five years) and the remainder to goodwill. These are Level 3 fair value measurements. This business has been integrated into the Company's subsidiary in China and reports within the Food Safety segment.

On June 1, 2015, subsequent to the end of the fiscal year, Neogen acquired the assets of Sterling Test House, a commercial food testing laboratory based in India. Consideration for the purchase was $1,100,000 in cash. Due to the timing of the transaction, the preliminary allocation was not complete at the time of filing.

4. LONG-TERM DEBT

The Company has a financing agreement with a bank providing for an unsecured revolving line of credit of up to $12,000,000, which expires on September 1, 2017. There were no advances against this line of credit during fiscal years 2015, 2014 and 2013, and no balance outstanding at May 31, 2015, 2014 and 2013. Interest is at LIBOR plus 100 basis points (rate under the terms of the agreement was 1.19% at May 31, 2015). Financial covenants include maintaining specified levels of tangible net worth, debt service coverage, and funded debt to EBITDA, each of which the Company was in compliance with at May 31, 2015 and May 31, 2014.

5. EQUITY COMPENSATION PLANS

Qualified and non-qualified options to purchase shares of common stock may be granted to directors, officers and employees of the Company under the terms of the Company's stock option plans. These options are granted at an exercise price of not less than the fair market value of the stock on the date of grant. Remaining shares available for grant under stock option plans were 306,000, 805,000 and 1,227,000 at May 31, 2015, 2014 and 2013, respectively. Options vest ratably over three and five year periods and the contractual terms are generally five or ten years.

(In thousands, except for share price)	Shares	Weighted-Average Exercise Price	Weighted-Average Grant Date Fair Value
Outstanding at May 31, 2012 (863 exercisable)	2,314	$ 14.89	$ 4.63
Granted	459	28.67	9.21
Exercised	(657)	10.61	3.43
Forfeited	(24)	19.67	6.07
Outstanding at May 31, 2013 (749 exercisable)	2,092	19.21	6.00
Granted	512	36.44	9.87
Exercised	(643)	13.69	4.28
Forfeited	(92)	22.08	6.65
Outstanding at May 31, 2014 (577 exercisable)	1,869	25.69	7.62
Granted	536	39.79	11.91
Exercised	(380)	16.69	5.17
Forfeited	(37)	33.55	9.45
Outstanding at May 31, 2015 (639 exercisable)	**1,988**	**$ 31.04**	**$ 9.20**

The following is a summary of stock options outstanding at May 31, 2015:

(Options in thousands) Options Outstanding				Options Exercisable	
Range of Exercise Price	Number	Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number	Weighted-Average Exercise Price
$ 5.45–22.91	261	2.4	$ 17.10	198	$ 16.58
22.92–28.26	321	1.8	23.17	184	23.22
28.27–32.37	411	3.0	28.67	164	28.67
32.38–38.03	432	3.6	36.07	81	36.07
38.04–43.67	563	5.1	39.90	12	41.60
	1,988	3.5	$ 31.04	639	$ 24.50

The weighted average exercise price of shares that were exercisable at May 31, 2015 and 2014 was $24.50 and $18.91, respectively.

The aggregate intrinsic value of options outstanding and options exercisable was $31,204,000 and $14,201,000, respectively, at May 31, 2015, $22,751,000 and $10,984,000 respectively, at May 31, 2014 and $35,778,000 and $16,557,000 respectively, at May 31, 2013. The aggregate intrinsic value of options exercised during the year was $10,690,000 in fiscal 2015, $17,669,000 in fiscal 2014 and $12,519,000 in fiscal 2013. Remaining compensation cost to be expensed in future periods for non-vested options was $13,567,000 at May 31, 2015, with a weighted average expense recognition period of 2.9 years.

Common stock totaling 45,717 of the 337,500 originally authorized shares are reserved for issuance under the terms of the 2002 Employee Stock Purchase Plan. An additional 375,000 shares are also reserved for issuance under the terms of the 2011 Employee Stock Purchase Plan. The plans give eligible employees the option to purchase common stock at a 5% discount to the lower of the market value of the stock at the beginning or end of each participation period. Total individual purchases in any year are limited to 10% of compensation. Shares purchased by employees were 19,592, 18,466 and 22,388 in fiscal years 2015, 2014 and 2013, respectively.

6. INCOME TAXES

Income before income taxes by source consists of the following amounts:

Year ended May 31 *(In thousands)*,	**2015**	2014	2013
U.S. Taxes	**$ 45,156**	$ 37,568	$ 37,407
Foreign	**6,920**	5,463	3,734
	$ 52,076	$ 43,031	$ 41,141

The provision for income taxes consisted of the following:

Year ended May 31 *(In thousands)*,	**2015**	2014	2013
Current			
U.S. Taxes	**$ 15,269**	$ 14,442	$ 12,959
Foreign	**1,364**	1,100	854

Deferred		**1,867**		(542)		287
	$	**18,500**	$	15,000	$	14,100

The reconciliation of income taxes computed at the U.S. federal statutory tax rate to income tax expense is as follows:

Year ended May 31 *(In thousands),*		**2015**		2014		2013
Tax at U.S. statutory rates	**$**	**18,227**	$	15,061	$	14,400
Tax credits and other		**(581)**		(574)		(980)
Provisions for state income taxes, net of federal benefit		**854**		513		680
	$	**18,500**	$	15,000	$	14,100

Deferred income taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred income tax liabilities and assets are as follows:

Year ended May 31 *(In thousands),*		**2015**		2014
Deferred income tax liabilities				
Indefinite and long-lived assets	**$**	**(15,906)**	$	(13,759)
Prepaid expenses		**(431)**		(358)
		(16,337)		(14,117)
Deferred income tax assets				
Inventories and accounts receivable		**1,809**		1,471
Accrued liabilities and other		**2,808**		2,201
		4,617		3,672
Net deferred income tax liabilities	**$**	**(11,720)**	$	(10,445)

The Company has no significant accrual for unrecognized tax benefits at May 31, 2015. Should the accrual of any interest or penalties relative to unrecognized tax benefits be necessary, such accruals will be reflected within income tax accounts. For the majority of tax jurisdictions, the Company is no longer subject to U.S. Federal, State and local or non U.S. income tax examinations by tax authorities for fiscal years before 2011.

7. COMMITMENTS AND CONTINGENCIES

The Company is involved in environmental remediation and monitoring activities at its Randolph, Wisconsin manufacturing facility and accrues for related costs when such costs are determined to be probable and estimable. The Company expenses annual costs of remediation which have ranged from $47,000 to $56,000 per year over the past five years. The Company's estimated liability for these costs is $916,000 at May 31, 2015 and 2014, measured on an undiscounted basis over an estimated period of 15 years; $50,000 of the liability is recorded within current liabilities and the remainder is recorded within other long term liabilities in the consolidated balance sheet.

The Company has agreements with unrelated third parties that provide for the payment of license fees and royalties on the sale of certain products. Royalty expense under the terms of these agreements was $2,189,000, $2,278,000 and $1,837,000 for fiscal years 2015, 2014 and 2013, respectively. Some of these agreements provide for guaranteed minimum royalty payments to be paid each fiscal year by the Company for certain technologies. Future minimum royalty payments are as follows: 2016 - $643,000, 2017 - $634,000, 2018 - $659,000, and 2019 - $659,000.

The Company leases office and manufacturing facilities under non-cancelable operating leases. Rent expense for fiscal years 2015, 2014 and 2013 was $736,000, $856,000 and $657,000, respectively. Future fiscal year minimum rental payments for these leases over their remaining terms are as follows: 2016 - $424,000, 2017 - $161,000, 2018 - $161,000, 2019 - $85,200, and 2020 and later - $62,400.

The Company is subject to certain legal and other proceedings in the normal course of business that, in the opinion of management, should not have a material effect on its future results of operations or financial position.

8. DEFINED CONTRIBUTION BENEFIT PLAN

The Company maintains a defined contribution 401(k) benefit plan covering substantially all employees. Employees are permitted to defer compensation up to IRS limits, with the Company matching 100% of the first 3% of deferred compensation and 50% of the next 2% deferred. The Company's expense under this plan was $1,051,000, $954,000 and $863,000 in fiscal years 2015, 2014 and 2013, respectively.

9. SEGMENT INFORMATION

The Company has two reportable segments: Food Safety and Animal Safety. The Food Safety segment is primarily engaged in the development, production and marketing of diagnostic test kits and related products used by food producers and processors to detect harmful natural toxins, foodborne bacteria, allergens and levels of general sanitation. The Animal Safety segment is primarily engaged in the development, production and marketing of products dedicated to animal safety, including a complete line of consumable products marketed to veterinarians and animal health product distributors; this segment also provides genomic identification and related interpretive bioinformatic services. Additionally, the Animal Safety segment produces and markets rodenticides, disinfectants, and insecticides to assist in control of rodents, insects and disease in and around agricultural, food production and other facilities.

These segments are managed separately because they represent strategic business units that offer different products and require different marketing strategies. The Company evaluates performance based on total sales and operating income of the respective segments. The accounting policies of each of the segments are the same as those described in Note 1.

Segment information is as follows:

(In thousands)	Food Safety	Animal Safety	Corporate and Eliminations[(1)]	Total
Fiscal 2015				
Product revenues to external customers	**$ 124,021**	**$ 123,919**	**$ –**	**$ 247,940**
Service revenues to external customers	**7,458**	**27,676**	**–**	**35,134**
Total revenues to external customers	**131,479**	**151,595**	**–**	**283,074**
Operating income (loss)	**30,265**	**26,034**	**(3,181)**	**53,118**
Depreciation and amortization	**4,620**	**6,029**	**–**	**10,649**
Total assets	**145,576**	**144,161**	**102,444**	**392,181**
Expenditures for long-lived assets	**4,216**	**5,403**	**–**	**9,619**
Fiscal 2014				
Product revenues to external customers	$ 111,545	$ 108,189	$ –	$ 219,734
Service revenues to external customers	4,745	22,926	–	27,671
Total revenues to external customers	116,290	131,115	–	247,405
Operating income (loss)	28,009	18,571	(3,189)	43,391
Depreciation and amortization	4,181	4,999	–	9,180
Total assets	105,607	173,643	66,051	345,301
Expenditures for long-lived assets	5,999	5,544	–	11,543
Fiscal 2013				
Product revenues to external customers	$ 102,971	$ 81,163	$ –	$ 184,134
Service revenues to external customers	3,187	20,207	–	23,394
Total revenues to external customers	106,158	101,370	–	207,528
Operating income (loss)	27,366	15,858	(2,518)	40,706
Depreciation and amortization	3,874	3,537	–	7,411
Total assets	93,079	121,908	75,571	290,558
Expenditures for long-lived assets	6,046	2,851	–	8,897

(1) Includes corporate assets, including cash and cash equivalents, marketable securities, current and deferred tax accounts, and overhead expenses not allocated to specific business segments. Also includes the elimination of intersegment transactions and noncontrolling interests.

Revenues to customers located outside the United States amounted to $103,867,000 or 36.7% of consolidated revenues in fiscal 2015, $96,111,000 or 38.8 % in fiscal 2014 and $83,171,000 or 40.1% in fiscal 2013 and were derived primarily in various countries throughout Europe, Canada, and the geographic areas of South and Central America and Asia. No customer represented revenues in excess of 10% of consolidated net sales in any of the three years. The United States based operations represent 95% of the Company's long-lived assets as of May 31, 2015 and 95% as May 31, 2014.

10. STOCK REPURCHASE

In December 2008, the Company's Board of Directors authorized a program to purchase, subject to market conditions, up to 1,125,000 shares of the Company's common stock. As of May 31, 2015, 112,026 cumulative shares have been purchased in negotiated and open market transactions for a total price, including commissions, of approximately $923,000. There were no purchases in fiscal years 2015 or 2014. Shares purchased under the program were retired.

11. SUMMARY OF QUARTERLY DATA (UNAUDITED)

	Quarter Ended			
(In thousands, except per share)	August 2014	November 2014	February 2015	**May 2015**
Total revenues	$ 67,599	$ 68,455	$ 68,409	**$ 78,611**
Gross margin	34,076	34,208	33,703	**37,698**
Net income attributable to Neogen	8,883	7,806	7,454	**9,384**
Basic net income per share	0.24	0.21	0.20	**0.26**
Diluted net income per share	0.24	0.21	0.20	**0.25**

	Quarter Ended			
(In thousands, except per share)	August 2013	November 2013	February 2014	May 2014
Total revenues	$ 58,548	$ 59,599	$ 61,996	$ 67,262
Gross margin	30,364	29,491	30,705	32,038
Net income attributable to Neogen	7,839	6,207	6,575	7,537
Basic net income per share	0.22	0.17	0.18	0.20

Reports

Report of Independent Registered Public Accounting Firm

We have audited the accompanying consolidated balance sheets of Neogen Corporation and Subsidiaries (the Company) as of May 31, 2015 and 2014 and the related consolidated statements of income and comprehensive income, equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Neogen Corporation and Subsidiaries at May 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Neogen Corporation and Subsidiaries' internal control over financial reporting as of May 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated July 30, 2015 expressed an unqualified opinion thereon.

BDO USA, LLP

BDO USA, LLP
Grand Rapids, Michigan • July 30, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Neogen Corporation,

We have audited the accompanying consolidated statement of income, comprehensive income, equity, and cash flows for the year ended May 31, 2013 of Neogen Corporation and Subsidiaries (the Company). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of Neogen Corporation and Subsidiaries for the year ended May 31, 2013, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Ernst & Young, LLP
Detroit, Michigan • July 30, 2013 – except for the stock split information presented in Note 1, as to which the date is July 30, 2014

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13-a-15(f) and 15d-15(f). Under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, an evaluation was conducted as to the effectiveness of internal control over financial reporting as of May 31, 2015, based on the framework in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that evaluation, management concluded that internal control over financial reporting was effective as of May 31, 2015. The effectiveness of internal control over financial reporting as of May 31, 2015, has been audited by BDO USA, LLP, an independent registered public accounting firm, as stated in its attestation report, which is included in Item 8 and is incorporated into this Item 9A by reference.

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting were identified as having occurred during the quarter ended May 31, 2015 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

James L. Herbert
Chairman and CEO

Steven J. Quinlan
Vice President and CFO

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Neogen Corporation
Lansing, Michigan

We have audited Neogen Corporation and Subsidiaries (the Company) internal control over financial reporting as of May 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, including in the accompanying "Management's Report on Internal Control Over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

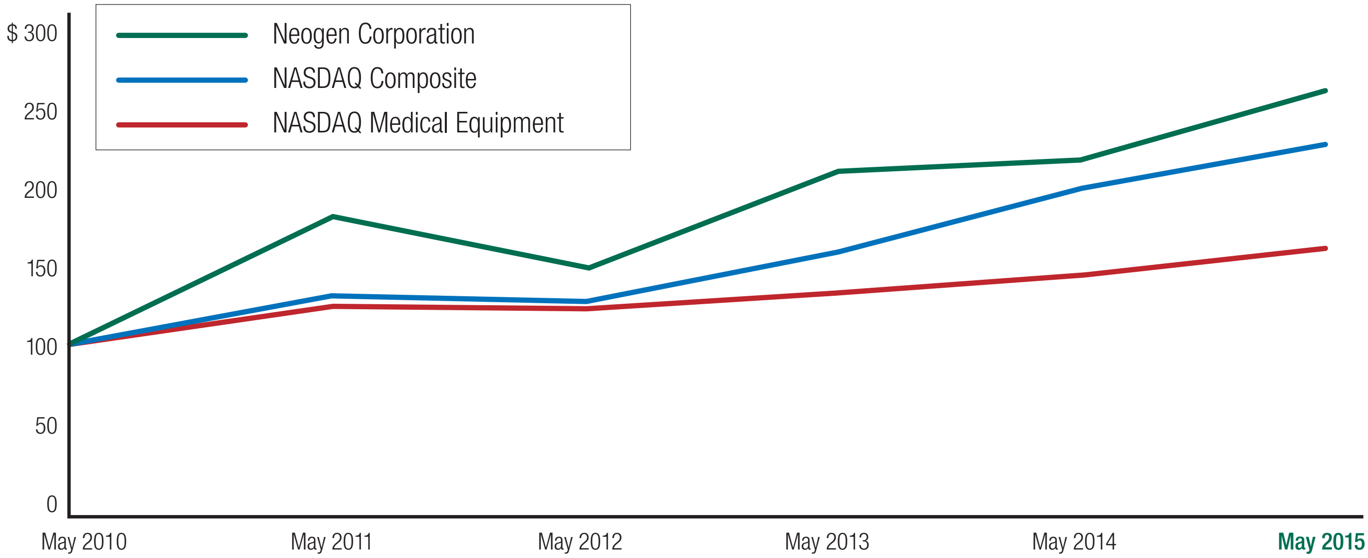
In our opinion, Neogen Corporation and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of May 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Neogen Corporation and Subsidiaries as of May 31, 2015 and 2014, and the related consolidated statements of income and comprehensive income, equity, and cash flows for the years then ended, and our report dated July 30, 2015 expressed an unqualified opinion thereon.

BDO USA, LLP

BDO USA, LLP
Grand Rapids, Michigan • July 30, 2015

Neogen Corporation and Subsidiaries: Comparison of Five Year Cumulative Total Return and Stock Profile Activity



The graph matches Neogen Corporation's cumulative 5-Year total shareholder return on common stock with the cumulative total returns of the NASDAQ Composite index and the NASDAQ Medical Equipment index. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from May 31, 2010 to May 31, 2015.

May 31 of:	2010	2011	2012	2013	2014	**2015**
Neogen Corporation	$ 100.00	$ 174.41	$ 151.46	$ 211.86	$ 220.48	**$ 272.70**
NASDAQ Composite	100.00	126.79	129.65	161.38	201.71	**241.78**
NASDAQ Medical Equipment	100.00	120.79	122.48	136.73	144.44	**179.99**

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Market Information

Neogen Common Stock is traded on the NASDAQ Global Select Market under the symbol **NEOG**. The following table sets forth, for the fiscal periods indicated, the high and low sales prices for the Common Stock, as adjusted for the October 30, 2013 3-for-2 stock split affected in the form of a dividend, as reported on the NASDAQ Stock Market.

Year Ended		High	Low
May 31, 2015	**Fourth Quarter**	**$ 51.21**	**$ 42.37**
	Third Quarter	51.63	43.08
	Second Quarter	44.65	39.23
	First Quarter	45.06	36.78
May 31, 2014	Fourth Quarter	$ 47.08	$ 36.31
	Third Quarter	50.88	39.44
	Second Quarter	50.87	36.13
	First Quarter	39.44	35.25

Holders: As of July 30, 2015, there were approximately 298 stockholders of record of Common Stock that management believes represents a total of approximately 11,000 beneficial holders.

Dividends: Neogen has never paid any cash dividends on its Common Stock and does not anticipate paying any cash dividends in the foreseeable future.

Neogen Corporation Officers and Directors

OFFICERS

James L. Herbert
Chairman of the Board
Chief Executive Officer

Richard E. Calk, Jr.
President
Chief Operating Officer

Steven J. Quinlan
Vice President
Chief Financial Officer and Secretary

Edward L. Bradley
Vice President, Food Safety

Joseph A. Corbett
Vice President, Animal Safety Sales and Operations

Kenneth V. Kodilla
Vice President, Manufacturing

Jason W. Lilly, Ph.D.
Vice President, Corporate Development

Terri A. Morrical
Vice President, Animal Safety

Mark A. Mozola, Ph.D.
Vice President, Research and Development

Jennifer A. Rice, DVM, Ph.D.
Vice President
Senior Research Director

Dwight Schroedter
Vice President, Animal Safety Manufacturing

DIRECTORS

James L. Herbert
Neogen Corporation
Chairman of the Board
Chief Executive Officer

William T. Boehm, Ph.D.
Kroger Company
Former Senior Vice President

President's Council of Economic Advisors
Former Senior Economist

Richard Crowder, Ph.D.
Virginia Tech University
Thornhill Professor of Agricultural Trade

Office of the U.S. Trade Representative
Former Chief Agricultural Trade Negotiator

A. Charles Fischer
Dow AgroSciences
Former President and CEO

Ronald D. Green, Ph.D.
University of Nebraska–Lincoln
Senior Vice Chancellor for Academic Affairs

University of Nebraska
Vice President, Agriculture and Natural Resources

University of Nebraska–Lincoln
Harlan Vice Chancellor, Institute of Agriculture and Natural Resources

G. Bruce Papesh
Dart, Papesh & Co.
President

Jack C. Parnell
Siller Brothers, Inc.
Chairman of the Board

Siller Helicopters, Inc.
Chairman of the Board

U.S. Department of Agriculture
Former Deputy Secretary
Former Acting Secretary

State of California
Former Secretary of Agriculture

Thomas H. Reed
Tom Reed & Associates
President

JBS Packerland
Former Senior Vice President

Michigan Livestock Exchange
Former President and CEO

MSU Board of Trustees
Former Chairman

Clayton K. Yeutter, Ph.D.
Hogan Lovells, LLP
Senior Advisor, International Trade

Former U.S. Secretary of Agriculture

Former U.S. Trade Representative

Former CEO, Chicago Mercantile Exchange

DIRECTOR EMERITUS

Gordon E. Guyer, Ph.D.
Michigan State University
Former President

FORM 10-K AND THE COMPANY'S CODE OF ETHICS

Copies of Form 10-K and the Company's Code of Ethics will be provided upon request without charge to persons directing their request to:

Neogen Corporation
Attention: Investor Relations
620 Lesher Place
Lansing, MI 48912

ANNUAL MEETING

October 1, 2015
10:00 a.m.
University Club at Michigan State University
3435 Forest Road
Lansing, MI 48909

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BDO USA, LLP
200 Ottawa Avenue N.W.
Suite 300
Grand Rapids, MI 49503

STOCK TRANSFER AGENT AND REGISTRAR

American Stock Transfer and Trust Co.
6201 15th Avenue
Brooklyn, NY 11219

LEGAL COUNSEL

Lowe Law Firm, P.C.
2375 Woodlake Drive
Suite 380
Okemos, MI 48864

Fraser Trebilcock Davis & Dunlap, P.C.
124 W. Allegan, Suite 1000
Lansing, MI 48933

NC027-0715

NEOGEN® CORPORATION

620 Lesher Place • Lansing, MI 48912
800-234-5333 (USA/Canada) • 517-372-9200
neogen-info@neogen.com • www.neogen.com
NASDAQ: NEOG

blog