

IMMUCELL CORP /DE/  
Form DEF 14A  
April 20, 2010

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

Washington, D.C. 20549

**SCHEDULE 14A**

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

**Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

**IMMUCELL CORPORATION**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

April 20, 2010

Dear Stockholder:

This is a busy time of year with ongoing business and preparing the financial reports for the year just ended and the proxy materials relating to the June 16, 2010 Annual Meeting of Stockholders. All of this information is enclosed with this package. I would like to take this opportunity to encourage you to read it. There is no better way for one person to communicate with approximately 2,300 stockholders.

You will find a great deal of information about the status of our business in the enclosed Annual Report on Form 10-K.

Some highlights to look for:

**First Defense**<sup>®</sup> sales are off only 4% (total product sales off only 3%) in this very difficult dairy economy; and

**Mast Out**<sup>®</sup> development makes a significant advance with positive results from pivotal effectiveness study.

The enclosed Proxy Statement gives you the opportunity to vote for or against the 2010 Stock Option and Incentive Plan (Proposal Two). I hope you will vote for it, but more than anything, it is important that you do vote.

I look forward to seeing any of you that can make it to our Annual Meeting at the Company's facility in Portland on June 16.

**Best regards,**

Michael F. Brigham

*President and CEO*

**ImmuCell Corporation**

56 Evergreen Drive Portland, Maine 04103

Telephone (207) 878-2770 Fax (207) 878-2117

[www.ImmuCell.com](http://www.ImmuCell.com)

## IMMUCELL CORPORATION

### Notice of Annual Meeting of Stockholders

**June 16, 2010**

To the Stockholders of ImmuCell Corporation:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of ImmuCell Corporation (the Company) will be held at the Company's principal place of business at 56 Evergreen Drive in Portland, Maine on Wednesday, June 16, 2010 at 8:30 a.m. for the following purposes:

1. *Election of Directors:* To elect a Board of Directors to serve until the next Annual Meeting of Stockholders and until their successors are elected and qualified (Proposal One).
2. *Approval of 2010 Stock Option and Incentive Plan:* To consider and act upon a proposal to approve the Company's 2010 Stock Option and Incentive Plan (Proposal Two).
3. *Ratification of Appointment of Independent Registered Public Accounting Firm:* To ratify the selection by the Audit Committee of the Board of Directors of Baker Newman & Noyes, LLC as our independent registered public accounting firm for the year ending December 31, 2010 (Proposal Three); and
4. *Other Business:* To conduct such other business as may properly come before the annual meeting or any adjournments or postponements thereof, including approving any such adjournment or postponement, if necessary.

The Board of Directors has fixed the close of business on Monday, April 19, 2010, as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting.

**By Order of the Board of Directors**

Michael F. Brigham, *Secretary*

April 20, 2010

**WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING IN PERSON, PLEASE COMPLETE, DATE AND SIGN THE ACCOMPANYING PROXY CARD AND RETURN IT PROMPTLY IN THE ENVELOPE ENCLOSED FOR THAT PURPOSE. THE GIVING OF SUCH PROXY WILL NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU ATTEND THE MEETING IN PERSON.**

## IMMUCELL CORPORATION

56 Evergreen Drive

Portland, ME 04103

April 20, 2010

### PROXY STATEMENT

#### 2010 Annual Meeting of Stockholders

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of ImmuCell Corporation (the Company), a Delaware corporation, of proxies to be voted at the Annual Meeting of Stockholders of the Company to be held at 8:30 a.m. on Wednesday, June 16, 2010 at the Company's principal place of business at 56 Evergreen Drive in Portland, Maine, and any and all adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. This Proxy Statement and the enclosed proxy card are first being given or sent to stockholders on or about April 20, 2010. Stockholders who execute proxies may revoke them at any time before exercise thereof. See **OTHER MATTERS**, below.

#### VOTING OF OUTSTANDING COMMON STOCK

Only stockholders of record at the close of business on Monday, April 19, 2010, the record date, are entitled to notice of, and to vote at, the Annual Meeting of Stockholders and at any adjournments thereof. As of such date, there were 2,970,652 shares of common stock of the Company issued and outstanding. Each share is entitled to one vote with respect to all matters to be acted upon at the meeting. The holders of one-third of the Company's common stock outstanding and entitled to vote, represented at the meeting in person or by proxy, shall constitute a quorum for the transaction of business. Votes cast in person or by proxy at the meeting will be tabulated by the voting inspector appointed for the meeting.

With regard to the election of directors (Proposal One), votes may be cast in favor or withheld. The nominees for director receiving a plurality of the votes cast by the holders of the common stock represented at the meeting in person or by proxy will be elected. This means that the seven nominees receiving the largest number of votes cast will be elected. The affirmative vote of the holders of a majority of the shares of the Company's common stock represented at the meeting is required to approve the 2010 Stock Option and Incentive Plan (the 2010 Plan) (Proposal Two). Abstentions and votes against may be specified on the proposal to approve the 2010 Plan. Since the approval of this plan requires the approval of the holders of a majority of the shares of the Company's common stock represented at the meeting, abstentions, votes against and broker non-votes will have the effect of a negative vote. The affirmative vote of the holders of a majority of the shares of the Company's common stock represented at the meeting is required to ratify the appointment of the Independent Registered Public Accounting Firm (Proposal Three). Abstentions and votes against may be specified on the proposal to ratify the appointment of the Independent Registered Public Accounting Firm. Since the ratification of this appointment requires the approval of the holders of a majority of the shares of the Company's common stock represented at the meeting, abstentions, votes against and broker non-votes will have the effect of a negative vote.

Approximately half of our stockholders hold their shares through a stockbroker, bank, trustee, or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held beneficially and those owned of record.

**Beneficial Owner:** If your shares are held in a stock brokerage account, by a bank, broker, trustee, or other nominee, you are considered the beneficial owner of shares held in street name and these proxy materials are being made available to you through your bank, broker, trustee, or nominee, who is considered the stockholder of

record of those shares. As the beneficial owner, you have the right to direct your bank, broker, trustee, or nominee on how to vote and you are also invited to attend the meeting. Your bank, broker, trustee, or nominee is obligated to provide you with voting instructions for use in instructing the bank, broker, trustee, or nominee how to vote these shares. However, since you are not the stockholder of record, you may not vote these shares in person at the meeting unless you have a proxy from the bank, broker, trustee or nominee that holds the shares giving you the right as beneficial owner to vote your shares at the meeting. If you do not give instructions to your bank or brokerage firm, it will not be allowed to vote your shares with respect to certain non-discretionary proposals, but it will be able to vote your shares with respect to certain discretionary proposals. For example, the election of directors (Proposal One) and the approval of the 2010 Plan (Proposal Two) are considered to be non-discretionary proposals on which banks and brokerage firms may not vote. Broker nonvotes for non-discretionary proposals are shares that are held in street name by a bank or brokerage firm that indicates on its proxy that it does not have discretionary authority to vote on a particular matter. The ratification of the appointment of our independent registered public accounting firm (Proposal Three) is considered to be a discretionary proposal on which banks and brokerage firms may vote.

**Stockholder of Record:** If your shares are registered directly in your name with ImmuCell's transfer agent, American Stock Transfer & Trust Company, you are considered the stockholder of record of those shares and these proxy materials are being made available directly to you by the Company. As the stockholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the meeting.

The preliminary voting results will be announced at the meeting. The final voting results will be tallied by the voting inspector and reported in a Current Report on Form 8-K, which will be filed with the SEC within four business days after the meeting.

#### **EXPENSES AND SOLICITATION**

The cost of preparing, assembling, and mailing the proxy material and of reimbursing brokers, nominees and fiduciaries for the out-of-pocket and clerical expenses of transmitting copies of the proxy material to the beneficial owners of shares held of record by such persons will be borne by the Company. Although the Company reserves the right to do so, the Company does not currently intend to solicit proxies otherwise than by use of the mail, but certain officers and regular employees of the Company, without additional compensation, may use their personal efforts, by telephone or otherwise, to obtain proxies.

#### **STOCKHOLDER PROPOSALS, DIRECTOR NOMINATIONS AND COMMUNICATIONS**

Proposals (other than director nominations that are addressed in the following paragraph) of stockholders of the Company intended to be presented at the 2011 Annual Meeting of Stockholders must be received by the Company at its principal place of business no later than Tuesday, December 21, 2010 to be included in the Company's Proxy Statement and form of proxy relating to that meeting. Certified mail addressed to the Secretary of the Company is advised. No such proposals were received by the Company by December 22, 2009 for inclusion in the Company's Proxy Statement and form of proxy relating to the 2010 Annual Meeting of Stockholders.

The Nominating Committee of the Board of Directors will consider nominees for director recommended by stockholders, applying the same evaluation standards as it would apply to candidates identified by management, other members of the Board of Directors or the Nominating Committee. Recommendations for director nominees may be sent to the Nominating Committee through the Secretary of the Company. Under the advance notice provisions in the Company's By-laws, stockholders intending to formally nominate a person for election as a director at the Annual Meeting itself, as distinguished from recommending a candidate to the Nominating Committee, must notify the Secretary of the Company in writing of this intent not less than 60 nor more than

90 days prior to the first anniversary of the preceding year's Annual Meeting. If the date of the Annual Meeting is changed by more than 30 days from such anniversary date, the notice by the stockholder must be received not later than the close of business on the tenth day following the day on which notice of the date of the meeting was mailed. Such notice must comply with the provisions set forth in the By-laws.

For nominations of candidates recommended by stockholders for election as directors to have been considered at the 2010 Annual Meeting of Stockholders, notice must have been received by the Secretary of the Company no earlier than March 12, 2010 and no later than April 11, 2010, and meet other requirements set forth in the By-laws. No such nominations were received. A copy of the relevant provisions of the By-laws will be sent to any stockholder who requests it in writing. Such requests should be addressed to the Secretary of the Company.

Stockholders that wish to send communications to the Board of Directors for any reason may do so by mail sent to ImmuCell Corporation, 56 Evergreen Drive, Portland, Maine 04103, Attention: Secretary. Additionally, after adjournment of the formal business matters at each year's Annual Meeting, there is an opportunity for stockholders to communicate directly with the Company's management and directors. The Company encourages its directors to attend the Annual Meeting of Stockholders in person. All directors did attend the 2009 Annual Meeting of Stockholders.

#### **OTHER MATTERS**

The management of the Company does not know of any matter not specifically referred to above as to which any action is expected to be taken at the meeting. However, if any matters other than those referred to above properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote such proxy in accordance with their judgment on such matters.

All shares represented by proxies in the form enclosed herewith will be voted at the meeting and adjournments thereof in accordance with the terms of such proxies and the pertinent statements included herein relative to the exercise of the power granted by said proxies, provided such proxies appear to be valid and executed by stockholders of record entitled to vote thereat and have not previously been revoked. A proxy may be revoked at any time prior to its exercise by the filing with the Secretary of the Company of an instrument revoking such proxy or a duly executed proxy bearing a later date. A stockholder's proxy will not be voted if the stockholder attends the meeting and elects to vote in person. Where the person solicited specifies in his proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the specification so made. If a stockholder fails to so specify with respect to such proposals, the proxy will be voted **FOR** the election of the nominees listed in Proposal One and **FOR** the approval of the 2010 Stock Option and Incentive Plan outlined in Proposal Two and **FOR** the ratification of the appointment of the independent registered public accounting firm outlined in Proposal Three.

#### **LEADERSHIP STRUCTURE OF THE BOARD OF DIRECTORS**

With approval from the Board of Directors, the Compensation and Stock Option Committee determined that the title of President and CEO should be given to an individual not being the same person holding the title of Chairman. The objective of this policy is to avoid a concentration of authority in any one person. Mr. Michael F. Brigham has served as President and CEO since February 2000. Dr. Joseph H. Crabb has served as Vice President and Chief Scientific Officer since December 1998, and he has also served as Chairman of the Board of Directors since June 2009. Before June 2009, the position of Chairman was vacant. It is the policy of the Board of Directors to have a meeting without the presence of the executive officers each time that the Board or any of its committees meet to assure that candid discussions of business matters are conducted with and without the influence of the executive officers.



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## THE BOARD OF DIRECTORS AND ITS COMMITTEES

During 2009, the Board of Directors of the Company held four regular meetings and took action by unanimous written consent once. The committees of the Board of Directors are the Audit Committee, the Compensation and Stock Option Committee and the Nominating Committee. During the year ended December 31, 2009, each director attended at least 75 percent of the aggregate of (i) the total number of meetings of the Board of Directors and (ii) the total number of meetings held by all committees of the Board on which he or she served (during the periods that he or she served). At the first meeting of the Board following this year's Annual Meeting, directors will be elected to serve on the various Board committees until the next Annual Meeting and until their successors are elected.

The Board has established an Audit Committee for the purpose of overseeing the accounting and financial reporting processes of the Company and the audits and reviews of its financial statements. The Audit Committee engages the Company's Independent Registered Public Accounting Firm, consults with such auditors with regard to audit plans, reviews the annual reports of the independent auditors, oversees the adequacy of the Company's internal operating procedures and controls, meets with management and the auditors to review quarterly and annual financial results, authorizes the public release of press releases covering financial results, reviews and authorizes quarterly and annual reports filed with the Securities and Exchange Commission and otherwise oversees compliance with certain legal, ethical and regulatory matters. The development and manufacture of products that are subject to both scientifically-proven efficacy and regulatory approval is full of risk. The Audit Committee takes the lead on oversight of credit, liquidity and operational risk, but the entire Board, in conjunction with the executive officers, is very involved with reviewing Audit Committee recommendations and making independent assessments of risks in all areas of the Company's business. The Company does not have a specific risk management department, but the Company's Controller and its President and CEO manage and contract for the Company's insurance coverages in consultation with outside experts, in addition to identifying, managing and monitoring risk in areas not specifically covered by insurance. The Controller reports to the President and CEO, who reports to the Board. The Committee's members are Mr. Bruce, Dr. Maxwell and Mr. Rothschild. Mr. Bruce serves as chair of the Committee. All members of the Audit Committee meet the heightened independence requirements for audit committees under applicable NASDAQ Stock Market rules, and the Board has determined that Mr. Bruce qualifies as an Audit Committee financial expert, as defined in applicable Securities and Exchange Commission rules. In recent years, he has served on the boards of two other SEC reporting companies. The Audit Committee held six meetings during the 2009 fiscal year. The Audit Committee Report can be found on page 17 of this Proxy Statement, and the Charter and Powers of the Audit Committee has been posted on the Company's web-site ([www.immucell.com/pdf/charter.pdf](http://www.immucell.com/pdf/charter.pdf)).

The Board has established a Compensation and Stock Option Committee for the purpose of reviewing and recommending salary, bonus and other benefits for executive officers and directors of the Company. The Compensation and Stock Option Committee is responsible for administering the Company's 2000 Stock Option and Incentive Plan and the proposed 2010 Stock Option and Incentive Plan. The Committee's members are Dr. Maxwell, Dr. Rhodes and Mr. Rothschild, all of whom are independent directors. Dr. Rhodes serves as chair of the Committee. The Compensation and Stock Option Committee held four meetings and took action by unanimous written consent once during the 2009 fiscal year. The Compensation and Stock Option Committee does not have a charter but instead operates within the authority provided by the Company's By-laws and authorizing resolutions adopted by the Board. Its recommendations on executive and director compensation are subject to review and final approval by the Board of Directors, a majority of whose members are independent directors. Company management provides the Committee with information relevant to a determination of executive and director compensation, but does not participate in Committee votes in this regard. In recent years, the Committee has not retained or relied upon outside consultants to assist in its determination of executive or director compensation.

The Board has established a Nominating Committee for the purpose of recommending to the full Board the number of directors to serve on the Board, criteria for Board membership and nominees for election to the Board. In

doing so, the Nominating Committee considers the integrity and relevant business experience of each nominee. All nominees included on this year's proxy card were recommended by the Nominating Committee and then approved by a vote of the Board. The Nominating Committee values diversity, believing that the Company benefits from decision making that includes a range of opinions, viewpoints and experience. For instance, the Nominating Committee would not want a Board comprised only of directors having principally financial expertise or experience or only with people whose principal experience is on the operational side of the dairy industry. Likewise, the Nominating Committee believes that a Board consisting of all men or all women would not be as strong as a gender-diverse Board. While there is always room for improvement, the Nominating Committee believes that it is making substantial progress towards achieving these goals. The Committee's members are Dr. Rhodes, Mr. Rothschild and Dr. Tomsche, all of whom are independent directors. Mr. Rothschild serves as chair of the Committee. The Nominating Committee met one time during the 2009 fiscal year. Provisions for stockholders to nominate candidates for election as directors are described above under the caption, **STOCKHOLDER PROPOSALS, DIRECTOR NOMINATIONS AND COMMUNICATIONS**. The Nominating Committee does not have a charter but instead operates within the authority provided by the Company's By-laws and authorizing resolutions adopted by the Board.

#### DIRECTOR COMPENSATION

The following table contains information as to the compensation paid by the Company to its non-executive directors for services rendered during the year ended December 31, 2009.

Name	Fees Earned or Paid in Cash	Option Awards	All Other Compensation	Total
Robert C. Bruce	\$ 8,000			\$ 8,000
William H. Maxwell, M.D.	\$ 8,000			\$ 8,000
Linda Rhodes, V.M.D., Ph.D.	\$ 8,000			\$ 8,000
Jonathan E. Rothschild	\$ 8,000			\$ 8,000
David S. Tomsche, D.V.M.	\$ 8,000			\$ 8,000

Officers of the Company who are also directors do not receive additional compensation for attendance at Board of Directors' meetings or committee meetings. The Company pays non-employee directors an annual retainer (payable in two equal installments in January and July) plus a fee of \$1,000 for each of the four regularly scheduled Board meetings per year. The annual retainer was increased from \$2,000 to \$4,000 effective July 1, 2008. Per-meeting fees are subject to reduction if a director attends less than substantially all of the meeting, and are generally waived altogether in the case of special meetings. The meeting fee for in-person meetings is reduced by 50% for full participation by teleconference and is reduced by 75% for partial participation by teleconference.

At the time first elected to the Board, Dr. Rhodes, Mr. Bruce and Dr. Tomsche were each granted a non-qualified stock option to purchase 15,000 shares of common stock under the Company's 2000 Stock Option and Incentive Plan. The options were granted on terms similar to those previously granted to other directors under the 2000 Outside Director Plan, which plan expired in June 2005. Dr. Rhodes' option has an exercise price equal to the fair market value of the common stock on the grant date, August 22, 2005 (\$4.67 per share), and vested in three equal increments when she was re-elected to the Board in 2006, 2007 and 2008. Dr. Rhodes exercised 2,000 of these stock options in June 2007. The options granted to Mr. Bruce and Dr. Tomsche have an exercise price equal to the fair market value of the common stock on the grant date, December 20, 2006 (\$5.80 per share), and vested in three equal increments in 2007, 2008 and 2009. These options to Dr. Rhodes, Mr. Bruce and Dr. Tomsche expire if not exercised within five years after the date of grant or, if earlier, within three months (twelve in cases of death or disability) after termination of service as a director.

**INDEMNIFICATION AGREEMENTS**

The Company has entered into indemnification agreements with its directors and executive officers in substantially the form approved by the stockholders at the 1989 Annual Meeting, as recently updated. The agreements include procedures for reimbursement by the Company of certain liabilities and expenses which may be incurred in connection with service as a director or officer. The Company expects to enter into indemnification agreements with individuals who become directors in the future, as well as such officers of the Company as the Board of Directors may from time to time determine.

### EXECUTIVE OFFICER COMPENSATION

Under the By-laws, officers are elected by the Board of Directors at its first meeting following each Annual Meeting of Stockholders of the Company, and each serves for a one-year term and until his or her successor is chosen and qualified. The Company has two executive officers, as follows:

**MICHAEL F. BRIGHAM.** Information concerning the background and experience of Mr. Brigham and the period during which he has served in his current capacity is set forth below under the caption **ELECTION OF THE BOARD OF DIRECTORS (Proposal One)** .

**JOSEPH H. CRABB, Ph.D.** Information concerning the background and experience of Dr. Crabb and the period during which he has served in his current capacity is set forth below under the caption **ELECTION OF THE BOARD OF DIRECTORS (Proposal One)** .

### SUMMARY COMPENSATION TABLE

The following table contains information as to the total compensation paid by the Company to its executive officers for services rendered during the fiscal years ended December 31, 2009 and 2008.

Name and Principal Position	Year	Salary	Bonus (1)	Option Awards (2)	All Other Compensation (3)	Total
Michael F. Brigham	2009	\$ 187,380	\$ 1,000	\$ 32,300	\$ 5,642	\$ 226,322
President, Chief Executive Officer, Treasurer and Secretary	2008	\$ 183,932			\$ 7,357	\$ 191,289
Joseph H. Crabb, Ph.D.	2009	\$ 187,380	\$ 1,000	\$ 32,300	\$ 5,642	\$ 226,322
Vice President and Chief Scientific Officer and Chairman of the Board of Directors	2008	\$ 183,932			\$ 6,345	\$ 190,277

- (1) This amount was earned as of part of a Company-wide bonus award paid equally to all full-time employees in December 2009.
- (2) Represents the fair value of grants of 47,500 stock options to each executive officer with an exercise price of \$1.70 per share that were issued on January 9, 2009 and vest on January 8, 2012.
- (3) Represents employer contributions earned under a Company-wide 401(k) matching program.

Generally effective February 1<sup>st</sup> of each year, annual salaries and bonuses for these executive officers are determined in the discretion of the Compensation and Stock Option Committee. Effective February 1, 2008, the annual salary for these executive officers was set at \$187,380. This annual salary amount has not been increased or decreased since then for Mr. Brigham. Effective April 3, 2010, the status of Dr. Crabb's employment was changed from full-time to part-time. Accordingly, effective April 3, 2010, the annual salary for Dr. Crabb was reduced to \$90,000. Effective May 1, 2010 through April 30, 2011, the Company contributes \$4,000 per year towards the cost of individual health insurance coverage for all full-time employees electing this coverage. Effective May 1, 2009 through April 30, 2011, the Company contributes \$10,203 per year towards the cost of family health insurance coverage for all full-time employees electing this coverage. The Company makes no contribution towards the cost of health insurance coverage for part-time employees, although all part-time employees working at least 16 hours per week may buy into the Company's group coverage on a pre-tax basis. Mr. Brigham and Dr. Crabb both elect family coverage.

### EMPLOYMENT AGREEMENTS

Effective March 26, 2010, both executive officers entered into amendments to their employment agreements that superseded and replaced in their entirety previous employment agreements. By waiving rights to contractual employment, the executive officers agreed to serve the Company in at will capacities on such terms as the Board of Directors may from time to time determine, subject to termination by the Board of Directors at any time with or without cause and without a contractual right to severance compensation. Under these contract amendments, Mr. Brigham continues to serve the Company as President and Chief Executive Officer, and Dr. Crabb continues to serve the Company as Vice President and Chief Scientific Officer.

### OUTSTANDING EQUITY AWARDS

Stock options are the only outstanding form of equity awards to the Company's executive officers. The following table contains information on stock options held by the executive officers at December 31, 2009.

Name	Number of Shares Underlying Unexercised Options - Exercisable	Outstanding Option Awards at Fiscal Year-End			
		Number of Shares Underlying Unexercised Options - Unexercisable	Option Exercise Price	Option Grant Date	Option Expiration Date
Michael F. Brigham	46,000		\$ 3.50	6/22/2000	6/21/2010
	1,000		\$ 2.00	12/13/2000	12/12/2010
	1,000		\$ 3.20	12/11/2001	12/10/2011
	1,000		\$ 3.10	12/18/2003	12/17/2013
		1,000	\$ 5.25	3/19/2007	3/18/2017
		47,500	\$ 1.70	1/09/2009	1/08/2019
Joseph H. Crabb, Ph.D.	46,000		\$ 3.50	6/22/2000	6/21/2010
	1,000		\$ 2.00	12/13/2000	12/12/2010
	1,000		\$ 3.20	12/11/2001	12/10/2011
	1,000		\$ 3.10	12/18/2003	12/17/2013
		1,000	\$ 5.25	3/19/2007	3/18/2017
		47,500	\$ 1.70	1/09/2009	1/08/2019

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT  
AND RELATED STOCKHOLDER MATTERS**

The following table sets forth certain information known to the Company regarding beneficial ownership of the Company's common stock at April 13, 2010 of (i) each person known to the Company to be the beneficial owner of more than five percent of the Company's common stock, (ii) each of the Company's directors and nominees, (iii) each of the Company's executive officers named in the Summary Compensation Table above and (iv) all directors and executive officers of the Company as a group:

Name of Beneficial Owner	Shares of the Company's Common Stock Beneficially Owned (1)	Percent of the Company's Common Stock Beneficially Owned
Jonathan E. Rothschild (2)	458,970	15.5%
Michael F. Brigham (3)	203,870	6.7%
Joseph H. Crabb, Ph.D. (4)	162,111	5.4%
David S. Tomsche, D.V.M. (5)	40,273	1.3%
William H. Maxwell, M.D.	20,000	0.7%
Linda Rhodes, V.M.D., Ph.D. (6)	16,000	0.5%
Robert C. Bruce (5)	16,000	0.5%
Directors and executive officers as a group (7 persons) (7)	917,224	29.5%

- (1) The persons named in the table have sole voting and investment power with respect to all shares of common stock shown to be beneficially owned by them, subject to the information contained in the footnotes of this table. The figures in the table include shares of common stock covered by stock options, which are currently or will become exercisable within 60 days of the date of this Proxy Statement.
- (2) This figure includes 213,255 shares of common stock held by Arterio Inc., a corporation owned solely by Mr. Rothschild. The address of Mr. Rothschild is c/o Arterio, Inc., 1061-B Shary Circle, Concord, CA, 94518.
- (3) This figure includes 50,000 shares of common stock covered by stock options, which are currently exercisable. Mr. Brigham's address is c/o ImmuCell Corporation, 56 Evergreen Drive, Portland, ME 04103.
- (4) This figure includes 50,000 shares of common stock covered by stock options, which are currently exercisable, and 112,111 shares of common stock held jointly with Dr. Crabb's wife. Dr. Crabb's address is c/o ImmuCell Corporation, 56 Evergreen Drive, Portland, ME 04103.
- (5) This figure includes 15,000 shares of common stock covered by stock options, which are currently exercisable.
- (6) This figure includes 13,000 shares of common stock covered by stock options, which are currently exercisable.
- (7) This figure includes 143,000 shares of common stock covered by stock options, which are currently exercisable.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

Dr. David S. Tomsche (a member of our Board of Directors) is a controlling owner of Stearns Veterinary Outlet, Inc., a domestic distributor of ImmuCell products (**First Defense**<sup>®</sup>, **Wipe Out**<sup>®</sup> **Dairy Wipes**, and **CMT**) and of J-t Enterprises of Melrose, Inc., an exporter. His affiliated companies purchased approximately \$231,000, \$229,000 and \$283,000 of products from ImmuCell during the years ended December 31, 2007, 2008 and 2009, respectively, on terms consistent with those offered to other distributors of similar status. Our accounts receivable (subject to standard and customary payment terms) due from these affiliated companies aggregated approximately \$11,000 and \$22,000 as of December 31, 2008 and 2009, respectively. Additionally, we spent approximately \$2,000, \$9,000 and \$4,000 on marketing support for affiliated companies controlled by Dr. Tomsche during the years ended December 31, 2007, 2008 and 2009, respectively.

AlcheraBio LLC is a wholly-owned subsidiary of Argenta of New Zealand. Dr. Linda Rhodes (a member of our Board of Directors) is co-founder of AlcheraBio and currently serves as its Vice President, Clinical Affairs. During the years ended December 31, 2007 and 2009, we made payments of \$3,000 and \$37,000, respectively, to these related companies for consulting services.

**ELECTION OF THE BOARD OF DIRECTORS (Proposal One)**

Each of the seven persons listed below has been nominated to serve as a director until the next Annual Meeting of Stockholders and until his or her successor is chosen and qualified. Proxies in the enclosed form which are executed and returned will be voted (unless otherwise directed) for election as directors of the nominees listed below:

**MICHAEL F. BRIGHAM**

Age: 49

Officer since: October 1991

Director since: March 1999

Mr. Brigham was appointed to serve as President and Chief Executive Officer in February 2000, while maintaining the titles of Treasurer and Secretary, and was appointed to serve as a Director of the Company in March 1999. He previously had been elected Vice President of the Company in December 1998 and served as Chief Financial Officer since October 1991. He has served as Secretary since December 1995 and as Treasurer since October 1991. Prior to that, he served as Director of Finance and Administration since originally joining the Company in September 1989. Mr. Brigham serves on the Board of Directors of the Maine Biotechnology Information Bureau and as the Treasurer of the Board of Trustees of the Kennebunk Free Library. Prior to joining the Company, he was employed as an audit manager for the public accounting firm of Ernst & Young. Mr. Brigham earned his Masters in Business Administration from New York University in 1989.

**ROBERT C. BRUCE**

Age: 47

Director since: December 2006

Mr. Bruce is chair of the Audit Committee of the Board of Directors. He is President of Oakmont Advisory Group, LLC, a financial management consulting firm located in Portland, Maine. Prior to founding Oakmont Advisory Group, from 1999 through 2004 Mr. Bruce served as Chief Operating Officer, Treasurer and Director for Enterix Inc., a privately-held, venture-funded medical device and laboratory services company that was purchased by Quest Diagnostics. He also previously served as Chief Financial Officer for Advantage Business Services (1997 to 1998), a privately-held national payroll processing and tax filing business that was subsequently acquired by PayChex. Since May 2008, he has served as a Director and Audit Committee Chair of China North East Petroleum Holdings Ltd., a NYSE AMEX-listed oil production company with operations located in China. Since April 2009, he has also served as a Director and Audit Committee Chair of Lihua International, Inc., a NASDAQ-listed manufacturer of copper and copper clad aluminum wire and rod with operations located in China. Mr. Bruce received his MBA from the Yale School of Management, and a Bachelor of Arts degree from Princeton University.

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**JOSEPH H. CRABB, Ph.D.**

Age: 55

Officer since: March 1996

Director since: March 2001

Dr. Crabb was appointed to serve as a Director of the Company in March 2001, having previously served in that capacity during the period from March 1999 until February 2000, and he was appointed Chairman of the Board of Directors in June 2009. He was elected Vice President of the Company in December 1998 while maintaining the title of Chief Scientific Officer. He has served as Chief Scientific Officer since September 1998. Prior to that, he served as Vice President of Research and Development since March 1996. Prior to that, he served as Director of Research and Development and Senior Scientist since originally joining the Company in November 1988. He is currently a reviewer for several peer-reviewed journals. Concurrent with his employment, he has served on five study sections at the National Institutes of Health and held three adjunct faculty positions. Prior to joining the Company in 1988, Dr. Crabb earned his Ph.D. in Biochemistry from Dartmouth Medical School and completed postdoctoral studies in microbial pathogenesis at Harvard Medical School, where he also served on the faculty.

**WILLIAM H. MAXWELL, M.D.**

Age: 71

Director since: 1986

Dr. Maxwell is a member of the Compensation and Stock Option Committee and the Audit Committee of the Board of Directors. He has been President of Maxwell, Kluger, Makaretz M.D., P.A., ENT Associates (or its predecessors) since its inception in 1973, working as an otolaryngologist (head and neck surgeon). He is Chairman of the Board of Medical Network, Inc. (a Maine PPO). Previously, he served as President and CEO of Medical Mutual Insurance Company of Maine from 1978 to 1999.

**LINDA RHODES, V.M.D., Ph.D**

Age: 60

Director since: August 2005

Dr. Rhodes is chair of the Compensation and Stock Option Committee and a member of the Nominating Committee of the Board of Directors. She is a founding partner of AlcheraBio, LLC of Metuchen, New Jersey, an animal health consulting and contract research firm, which firm was acquired in October 2008 by Argenta, a New Zealand animal health formulations and contract manufacturing organization. She is an adjunct professor for the Graduate School of Animal Science at Rutgers University and a member of the Board of Directors of the Veterinary Medical Alumni Society of the University of Pennsylvania School of Veterinary Medicine and is chair of the Board of Directors of the Alliance for Contraception in Cats and Dogs (a non-profit organization). From 1998 to 2001, she was a Director of Development Projects and New Technology Assessment at Merial Ltd, a joint venture between Merck and Sanofi-Aventis. Prior to that, she held various research positions at Merck Research Laboratories and Sterling Drug Company. She held several teaching positions and worked as a bovine veterinarian in private practice. She earned her Ph.D. in Physiology/Immunology from Cornell University and her V.M.D. from the Pennsylvania School of Veterinary Medicine.

**JONATHAN E. ROTHSCHILD**

Age: 56

Director since: April 2001

Mr. Rothschild is chair of the Nominating Committee and a member of the Compensation and Stock Option Committee and of the Audit Committee of the Board of Directors. Since 1981, he has been President of Arterio, Inc., of Concord, California, a vitamin and nutrition company that does business as Ecological Formulas. He served as a director and Chief Financial Officer of Cistron Biotechnology from 1999 until it was acquired by Celltech, PLC in November 2000.



**DAVID S. TOMSCHE, D.V.M.**

Age: 53

Director since: December 2006

Dr. Tomsche is a member of the Nominating Committee of the Board of Directors. He is a large animal veterinarian and owner of Stearns Veterinary Outlet, Inc. (a veterinary distribution company) and of J-t of Melrose, Inc. (an international export company). He has been a director of Agricultural Solutions, Inc. since June 2008. He served as a director of VetPharm, Inc, an animal health products distributor, from 1995 until the company was sold in 2007. He also is a dairy producer. He obtained his degrees from the University of Minnesota.

Each of these individuals brings distinct skills, perspectives and attributes to the Board of Directors. Mr. Brigham is an executive officer who has been employed by the Company since 1989 and has a financial and accounting background. Mr. Bruce has a financial and investment background and experience managing small businesses and qualifies as an Audit Committee financial expert, as defined in applicable Securities and Exchange Commission rules and in recent years has served on the boards of two other SEC reporting companies. Dr. Crabb is an executive officer who has been employed by the Company since 1988 and has a strong technical/scientific background. Dr. Maxwell has a human medical background and has served on the Board of Directors since before the Company's initial public offering of common stock in 1987, bringing continuity and historical perspective to the Board's deliberations. Dr. Rhodes was a practicing large animal veterinarian earlier in her career and now consults on animal health product development. Mr. Rothschild owns approximately 15.5% of the Company's common stock and has experience owning and operating small businesses in the health and nutritional sector. Dr. Tomsche is a veterinarian and owner of a distribution outlet of products and services for animals, as well as an investor in and owner of dairy farms.

There is no family relationship between any executive officer, director, or person nominated or chosen by the Company to become a director. Except for Mr. Brigham and Dr. Crabb (both of whom are ImmuCell employees), each of the Company's existing directors or nominees qualifies as an independent director as defined under applicable NASDAQ Stock Market rules. In evaluating the independence of directors, the Board did consider the matters described above under the caption **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**. If any of the individuals named above should not be available for election as contemplated, it is the intention of the persons named in the proxy to vote for such other person or persons as management may recommend. Management has no reason to believe any nominees will be unavailable. Any vacancies that may occur during the year may be filled by the Board of Directors to serve until the next Annual Meeting.

The Board of Directors recommends that you vote **FOR** the election of the seven nominees listed above.

**APPROVAL OF 2010 STOCK OPTION AND INCENTIVE PLAN (Proposal Two)**

Effective March 17, 2010, upon recommendation of the Compensation and Stock Option Committee, and subject to the approval of the Company's stockholders, the Board of Directors approved the 2010 Stock Option and Incentive Plan (the 2010 Plan), a copy of which is attached as Exhibit A to this Proxy Statement. The 2010 Plan is intended to replace the Company's 2000 Stock Option and Incentive Plan (the 2000 Plan), which expired on February 16, 2010. No further grants of stock options could be made under the 2000 Plan after that date. Unless sooner terminated, the 2010 Plan terminates on March 16, 2020. A summary of the essential features is provided below but is qualified in its entirety by reference to the full text of the 2010 Plan.

As was the case with the 2000 Plan, the purpose of the 2010 Plan is to advance the interests of the Company by providing certain of its employees and certain other individuals providing services to the Company with an additional incentive, encouraging stock ownership by such individuals, increasing their proprietary interest in the success of the Company and encouraging them to remain employees of the Company or service providers for the Company.

The 2010 Plan is administered by the Committee, which in its discretion selects the key employees and other persons eligible to participate, determines the terms of awards, interprets the 2010 Plan, and makes all other determinations for administering the 2010 Plan. The maximum number of shares of the Company's common stock that may be issued pursuant to the 2010 Plan is 300,000 shares, subject to increase in the event of subsequent stock splits or other capital changes. The 2010 Plan allows for granting of both incentive stock options and nonqualified stock options (Stock Options). As of April 20, 2010, no Stock Options had been granted under the 2010 Plan. Any grants that are made prior to stockholder approval of the 2010 Plan will be made subject to stockholder approval of the 2010 Plan and cannot be exercised and will expire worthless if such approval is not obtained.

The 2010 Plan provides that certain of the Stock Options are intended to qualify as Incentive Stock Options within the meaning of Section 422 of the Code. Other Stock Options will be granted as nonqualified stock options. In all cases, Stock Options will be issued at an option price no less than the fair market value of the Company's common stock on the date of grant (110% of fair market value in the case of grantees who are 10% or greater stockholders). Exercise of Stock Options will be subject to terms and conditions set by the Committee and set forth in the instrument evidencing the Stock Option. Stock Options may be exercised with either cash or, in the discretion of the Committee, shares of common stock. The date of expiration of the Stock Option will be fixed by the Committee, but may not be longer than ten years from the date of grant (five years in the case of 10% or greater stockholders). Such determinations by the Committee may be on a case-by-case basis. All Stock Options will terminate on the earlier of their expiration date or one year following termination of employment or service to the Company due to disability or death. Upon termination of employment or service to the Company for any reason other than disability or death, all Stock Options will expire on the earlier of their expiration date or one month following termination.

An optionee will not recognize income for Federal income tax purposes upon the grant of an Incentive Stock Option. An optionee generally will also not recognize income upon the exercise of an Incentive Stock Option; however, the difference between the option price and the fair market value of the stock acquired on the date of exercise is an item of tax preference for purposes of the alternative minimum tax. If no disposition of the stock acquired upon the exercise of the Incentive Stock Option occurs until after more than two years after the Incentive Stock Option was granted and more than one year after the transfer of such stock to the optionee, any gain or loss recognized upon such disposition will be treated as long-term capital gain or loss.

The disposition of the stock acquired upon the exercise of an Incentive Stock Option within two years after the Incentive Stock Option was granted or within one year after the transfer of the stock to the optionee will be a disqualifying disposition, and the optionee will generally recognize (i) ordinary compensation income for Federal income tax purposes in an amount equal to the excess of the fair market value on the date of exercise of the stock acquired over the option price and (ii) short or long-term capital gain (depending upon how long the stock was held) to the extent the stock is disposed of in a sale or taxable exchange at a price in excess of the value of such stock on the date of exercise. If the amount realized by the optionee upon such a disposition is less than the value of the stock on the date of exercise, then the amount of income realized will be all compensation income and will be limited to the excess amount realized on the sale or exchange over the option price of the stock.

As is the case with an Incentive Stock Option, an optionee will not recognize income for Federal income tax purposes upon the grant of a nonqualified stock option. However, upon the exercise of a nonqualified stock option, an optionee will generally recognize ordinary compensation income in an amount equal to the excess of the fair market value of the common stock on the date of exercise over the option price. Any gain or loss recognized by the optionee on the subsequent disposition of the stock will be capital gain or loss.

Upon the exercise of a non-qualified stock option, the Company will be entitled to a deduction for Federal income tax purposes at the same time and in the same amount as an optionee is required to recognize ordinary compensation income as described above.

*New Plan Benefits*

As described above, the selection of the employees of the Company who will receive grants under the 2010 Plan is to be determined by the Committee at its discretion. Therefore, it is not possible to predict the amounts that will be received by or allocated to particular individuals or groups of employees. During 2008, options to purchase an aggregate of 44,000 shares were granted to eighteen employees (non-executive officers) as a group and 5,000 options were exercised by one such employee, under the 2000 Plan. During 2009, options to purchase an aggregate of 95,000 (47,500 to each) shares were granted to both current executive officers and options to purchase an aggregate of 20,000 shares were granted to five employees who are not executive officers as a group, under the 2000 Plan. From January 1, 2010 through February 16, 2010 (expiration date of the 2000 Plan), options to purchase an aggregate of 20,000 shares were granted to eight employees who are not executive officers, under the 2000 Plan. As of April 20, 2010, the aggregate of 92,333 options had been exercised and 399,000 options were outstanding, under the 2000 Plan.

The Board of Directors recommends that you vote **FOR** approval of the 2010 Plan.

**RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC**

**ACCOUNTING FIRM (Proposal Three)**

The Audit Committee has appointed Baker Newman & Noyes, LLC to serve as our independent registered public accounting firm for 2010.

Although stockholder approval of the Audit Committee's selection of Baker Newman & Noyes, LLC is not required by law, the Board of Directors believes that it is advisable to give stockholders an opportunity to ratify this selection. A representative of Baker Newman & Noyes, LLC is expected to be present at the Annual Meeting with an opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions. ">

**Total Liabilities and Equity**

6,732,526 7,249,327 1,055,522

## Noah Holdings Limited

## Condensed Consolidated Income Statements

(In RMB 000, except for USD data, per ADS data and percentages)

(unaudited)

	Three months ended			Change
	September 30, 2017	September 30, 2018	September 30, 2018	
	RMB 000	RMB 000	USD 000	
<b>Revenues:</b>				
Revenues from others <sup>[1]</sup> :				
One-time commissions	87,455	177,863	25,897	103.4%
Recurring service fees	145,080	140,293	20,427	(3.3%)
Performance-based income	48,759	12,215	1,779	(74.9%)
Other service fees	56,201	98,802	14,386	75.8%
<b>Total revenues from others</b>	<b>337,495</b>	<b>429,173</b>	<b>62,489</b>	<b>27.2%</b>
Revenues from funds Gopher manages <sup>[1]</sup> :				
One-time commissions	125,598	54,697	7,964	(56.5%)
Recurring service fees	199,306	338,300	49,257	69.7%
Performance-based income	26,020	21,411	3,118	(17.7%)
<b>Total revenues from funds Gopher manages</b>	<b>350,924</b>	<b>414,408</b>	<b>60,339</b>	<b>18.1%</b>
<b>Total revenues</b>	<b>688,419</b>	<b>843,581</b>	<b>122,828</b>	<b>22.5%</b>
Less: business taxes and related surcharges	(4,106)	(4,597)	(669)	12.0%
<b>Net revenues</b>	<b>684,313</b>	<b>838,984</b>	<b>122,159</b>	<b>22.6%</b>
Operating costs and expenses:				
Compensation and benefits				
Relationship manager compensation	(158,310)	(143,831)	(20,942)	(9.1%)
Performance fee compensation		(5,975)	(870)	N.A.
Other compensations	(197,871)	(235,294)	(34,259)	18.9%
<b>Total compensation and benefits</b>	<b>(356,181)</b>	<b>(385,100)</b>	<b>(56,071)</b>	<b>8.1%</b>
Selling expenses	(76,967)	(81,224)	(11,826)	5.5%
General and administrative expenses	(60,738)	(60,010)	(8,738)	(1.2%)
Other operating expenses	(35,330)	(51,106)	(7,441)	44.7%
Government grants	5,234	9,518	1,386	81.8%
<b>Total operating costs and expenses</b>	<b>(523,982)</b>	<b>(567,922)</b>	<b>(82,690)</b>	<b>8.4%</b>
<b>Income from operations</b>	<b>160,331</b>	<b>271,062</b>	<b>39,469</b>	<b>69.1%</b>

Other income:



Interest income	12,962	14,237	2,073	9.8%
Interest expenses	(4,728)	1,156	168	(124.5%)
Investment income (loss)	11,271	(16,817)	(2,449)	(249.2%)
Other expense	(290)	(1,836)	(267)	533.1%
<b>Total other income (expense)</b>	<b>19,215</b>	<b>(3,260)</b>	<b>(475)</b>	<b>(117.0%)</b>
Income before taxes and income from equity in affiliates	179,546	267,802	38,994	49.2%
Income tax expense	(41,845)	(61,804)	(8,999)	47.7%
Income (loss) from equity in affiliates	45,712	(796)	(116)	(101.7%)
<b>Net income</b>	<b>183,413</b>	<b>205,202</b>	<b>29,879</b>	<b>11.9%</b>
Less: net loss attributable to non-controlling interests	(2,136)	(2,506)	(365)	17.3%
Less: net loss attributable to redeemable non-controlling interest of Subsidiary	(333)			(100.0%)
Less: effect on retained earnings caused by termination of redeemable non-controlling interest of a subsidiary	6,201			(100.0%)
<b>Net income attributable to Noah shareholders</b>	<b>179,681</b>	<b>207,708</b>	<b>30,244</b>	<b>15.6%</b>
Income per ADS, basic	3.17	3.51	0.51	10.7%
Income per ADS, diluted	3.03	3.41	0.50	12.5%
<b>Margin analysis:</b>				
Operating margin	23.4%	32.3%	32.3%	
Net margin	26.8%	24.5%	24.5%	
Weighted average ADS equivalent <sup>[2]</sup> :				
Basic	56,594,562	59,172,524	59,172,524	
Diluted	60,749,462	61,615,856	61,615,856	
ADS equivalent outstanding at end of period	56,704,721	59,430,433	59,430,433	

[1] Starting from the first quarter of 2018, we report revenue streams in two categories – revenues from funds Gopher manages and revenues from others, instead of the previous categories – third-party revenues and related party revenues, to provide more relevant and accurate information. We also revised the comparative period presentation to conform to current period classification.

[2] Assumes all outstanding ordinary shares are represented by ADSs. Each ordinary share represents two ADSs.

**Noah Holdings Limited**

**Condensed Comprehensive Income Statements**

(unaudited)

	Three months ended			Change
	September 30, 2017 RMB 000	September 30, 2018 RMB 000	September 30, 2018 USD 000	
<b>Net income</b>	183,413	205,202	29,879	11.9%
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(10,362)	50,719	7,385	(589.4%)
Fair value fluctuation of available for sale Investment (after tax)	4,930	(289)	(42)	(105.9%)
<b>Comprehensive income</b>	177,981	255,632	37,222	43.6%
Less: Comprehensive income (loss) attributable to non-controlling interests	(2,089)	(2,634)	(384)	26.1%
Less: Loss attributable to redeemable non-controlling interest of a subsidiary	(333)			(100.0%)
<b>Comprehensive income attributable to Noah shareholders</b>	180,403	258,266	37,606	43.2%

**Noah Holdings Limited**

**Supplemental Information**

(unaudited)

	As of		Change
	September 30, 2017	September 30, 2018	
Number of registered clients	175,979	236,906	34.6%
Number of relationship managers	1,286	1,559	21.2%
Number of cities under coverage	78	83	6.4%

	Three months ended		Change
	September 30, 2017	September 30, 2018	
	(in millions of RMB, except number of active clients and percentages)		
Number of active clients	4,456	4,108	(7.8%)
Transaction value:			



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Fixed income products	10,785	22,775	111.2%
Private equity products	9,578	3,300	(65.5%)
Secondary market equity products	3,105	1,490	(52.0%)
Other products	79	430	443.1%
Total transaction value	23,546	27,995	18.9%
Average transaction value per active client	5.28	6.81	29.0%

**Noah Holdings Limited**  
**Segment Condensed Income Statements**  
**(unaudited)**

	Three months ended September 30, 2018			
	Wealth Management Business RMB 000	Asset Management Business RMB 000	Other Financial Services Business RMB 000	Total RMB 000
<b>Revenues:</b>				
Revenues from others				
One-time commissions	177,305	558		177,863
Recurring service fees	131,988	8,305		140,293
Performance-based income	12,215			12,215
Other service fees	31,133	2,671	64,998	98,802
<b>Total revenues from others</b>	<b>352,641</b>	<b>11,534</b>	<b>64,998</b>	<b>429,173</b>
Revenues from funds Gopher manages				
One-time commissions	52,758	1,939		54,697
Recurring service fees	174,083	164,217		338,300
Performance-based income		21,411		21,411
<b>Total revenues from funds Gopher manages</b>	<b>226,841</b>	<b>187,567</b>		<b>414,408</b>
<b>Total revenues</b>	<b>579,482</b>	<b>199,101</b>	<b>64,998</b>	<b>843,581</b>
Less: business taxes and related surcharges	(2,587)	(630)	(1,380)	(4,597)
<b>Net revenues</b>	<b>576,895</b>	<b>198,471</b>	<b>63,618</b>	<b>838,984</b>
Operating costs and expenses:				
Compensation and benefits				
Relationship manager compensation	(143,550)	(10)	(271)	(143,831)
Performance fee compensation		(5,975)		(5,975)
Other compensations	(142,420)	(62,725)	(30,149)	(235,294)
<b>Total compensation and benefits</b>	<b>(285,970)</b>	<b>(68,710)</b>	<b>(30,420)</b>	<b>(385,100)</b>
Selling expenses	(74,160)	(3,747)	(3,317)	(81,224)
General and administrative expenses	(34,092)	(20,046)	(5,872)	(60,010)
Other operating expenses	(23,010)	(4,258)	(23,838)	(51,106)
Government grants	9,518			9,518
<b>Total operating costs and expenses</b>	<b>(407,714)</b>	<b>(96,761)</b>	<b>(63,447)</b>	<b>(567,922)</b>
<b>Income from operations</b>	<b>169,181</b>	<b>101,710</b>	<b>171</b>	<b>271,062</b>



**Noah Holdings Limited**  
**Segment Condensed Income Statements**  
**(unaudited)**

	Three months ended September 30, 2017			Total RMB 000
	Wealth Management Business RMB 000	Asset Management Business RMB 000	Other Financial Services Business RMB 000	
<b>Revenues:</b>				
Revenues from others				
One-time commissions	87,139	316		87,455
Recurring service fees	138,571	6,509		145,080
Performance-based income	48,349	410		48,759
Other service fees	19,991	4,974	31,236	56,201
<b>Total revenues from others</b>	<b>294,050</b>	<b>12,209</b>	<b>31,236</b>	<b>337,495</b>
Revenues from funds Gopher manages				
One-time commissions	125,517	81		125,598
Recurring service fees	72,355	126,951		199,306
Performance-based income		26,020		26,020
<b>Total revenues from funds Gopher manages</b>	<b>197,872</b>	<b>153,052</b>		<b>350,924</b>
<b>Total revenues</b>	<b>491,922</b>	<b>165,261</b>	<b>31,236</b>	<b>688,419</b>
Less: business taxes and related surcharges	(3,059)	(709)	(338)	(4,106)
<b>Net revenues</b>	<b>488,863</b>	<b>164,552</b>	<b>30,898</b>	<b>684,313</b>
Operating costs and expenses:				
Compensation and benefits				
Relationship manager compensation	(157,561)		(749)	(158,310)
Other compensations	(116,828)	(52,178)	(28,865)	(197,871)
<b>Total compensation and benefits</b>	<b>(274,389)</b>	<b>(52,178)</b>	<b>(29,614)</b>	<b>(356,181)</b>
Selling expenses	(69,769)	(3,801)	(3,397)	(76,967)
General and administrative expenses	(26,216)	(21,803)	(12,719)	(60,738)
Other operating expenses	(14,749)	(11,403)	(9,178)	(35,330)
Government grants	3,097	2,137		5,234
<b>Total operating costs and expenses</b>	<b>(382,026)</b>	<b>(87,048)</b>	<b>(54,908)</b>	<b>(523,982)</b>
<b>Income (loss) from operations</b>	<b>106,837</b>	<b>77,504</b>	<b>(24,010)</b>	<b>160,331</b>



**Noah Holdings Limited**

**Reconciliation of GAAP to Non-GAAP Results**

(In RMB, except for per ADS data and percentages)

(unaudited) <sup>5</sup>

	Three months ended		Change
	September 30, 2017 RMB 000	September 30, 2018 RMB 000	
Net income attributable to Noah shareholders	179,681	207,708	15.6%
Adjustment for share-based compensation related to:			
Share options	15,105	11,177	(26.0%)
Restricted shares	14,396	24,470	70.0%
Less: loss from fair value changes of equity securities (unrealized)		(20,686)	N.A
Add: Gains from sales of equity securities		29,891	N.A
Non-GAAP net income attributable to Noah shareholders*	209,182	293,932	40.5%
Net margin attributable to Noah shareholders	26.3%	24.8%	
Non-GAAP net margin attributable to Noah shareholders*	30.6%	35.0%	
Net income attributable to Noah shareholders per ADS, diluted	3.03	3.41	12.5%
Non-GAAP net income attributable to Noah shareholders per ADS, diluted*	3.52	4.81	36.6%

\* The non-GAAP adjustments do not take into consideration the impact of taxes on such adjustments.

<sup>5</sup> Noah's Non-GAAP financial measures are its corresponding GAAP financial measures excluding the effects of all forms of share-based compensation and fair value changes of equity securities (unrealized) and adjusting for sale of equity securities.