NEOGEN CORP
Form S-3/A
May 12, 2006
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As filed with the Securities and Exchange Commission on May 12, 2006.

Registration No. 333-133614

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE

AMENDMENT NO. 1

to

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

NEOGEN CORPORATION

(Exact name of registrant as specified in its charter)

MICHIGAN	**38-2367843**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

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620 Lesher Place

Lansing, Michigan 48912-1595

(517) 372-9200

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

James Herbert

President and Chief Executive Officer

Neogen Corporation

620 Lesher Place

Lansing, Michigan 48912-1595

(517) 372-9200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Donald J. Kunz

Honigman Miller Schwartz and Cohn LLP

2290 First National Building

660 Woodward Ave.

Detroit, Michigan 48226-3506

(313) 465-7454

Fax No.: (313) 465-7455

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ¨

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ¨

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share (1)	Proposed maximum aggregate offering price (1)	Amount of registration fee (2)
Common Shares, par value $.016 per share	1,000,000	$ 23.84	$ 23,840,000	$ 2,550.88

(1) Estimated solely for the purpose of computing the registration fee, based on the average of the high and low reported sale prices of the Registrant s common shares on April 20, 2006 as reported on The Nasdaq National Market, pursuant to Rule 457(c).
(2) Previously paid.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 12, 2006

PROSPECTUS

1,000,000 Shares

Neogen Corporation

Common Shares

This prospectus relates to (i) the offer and sale from time to time of up to 750,000 of our common shares, $0.16 par value per share, by us, and (ii) the resale from time to time of up to 250,000 of our common shares, $0.16 par value per share, by certain selling shareholders.

Our common shares are quoted on The Nasdaq National Market under the symbol NEOG. The last reported sale price of our common shares on The Nasdaq National Market on May 11, 2006 was $22.65 per share.

Investing in our common shares involves risks. See Risk Factors beginning on page 3.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Roth Capital Partners, LLC and Stonegate Securities, Inc. are acting as our placement agents in connection with this offering and are using their best efforts to introduce us to investors. The placement agents are not purchasing or selling any shares pursuant to this prospectus, nor are the placement agents required to purchase or sell any specific number or dollar amount of shares.

Roth Capital Partners **Stonegate Securities Inc.**

_____, 2006

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You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized, and the placement agents have not authorized, anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. The information in this prospectus is complete and accurate only as of the date on the front cover, regardless of the time of delivery of this prospectus or of any sale of common shares.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that is important to you. Before investing in our common shares, you should read this prospectus carefully in its entirety, especially the description of risks of investing in our common shares set forth under Risk Factors.

Neogen Corporation Overview

Neogen Corporation and subsidiaries develop, manufacture and market a diverse line of products dedicated to food and animal safety. Our food safety segment consists primarily of diagnostic test kits and complementary products (e.g., dehydrated culture media) marketed by company sales personnel in the United States, Canada, the United Kingdom and parts of Europe and by distributors elsewhere to food producers and processors to detect dangerous and/or unintended substances in human food and animal feed, such as foodborne pathogens, natural toxins, food allergens, genetic modifications, ruminant by-products, drug residues, pesticide residues and general sanitation concerns. Our diagnostic test kits are generally less expensive, easier to use and provide greater accuracy and speed than conventional diagnostic methods. The majority of the tests are disposable, single-use, immunoassay and gene probe products that rely on our proprietary antibodies and RNA and DNA probes to produce rapid and accurate test results. Our expanding line of food safety products also includes bioluminescence-based diagnostic technology.

Our animal safety segment is engaged in the development, manufacture and marketing of pharmaceuticals, rodenticides, disinfectants, vaccines, veterinary instruments, topicals and diagnostic products for the worldwide animal safety market. The majority of these consumable products are marketed through a network of national and international distributors, as well as a number of large farm supply retail chains in the United States and Canada. Our USDA-licensed facility in Tampa, Fla., produces immunostimulant products for horses and dogs and a unique equine botulism vaccine. Our line of drug detection products are sold worldwide for the detection of abused and therapeutic drugs in animals and animal products.

Management s goal is for Neogen to become a world leader in development and marketing of food and animal safety products. To meet this goal, we have developed a growth strategy consisting of the following elements: (i) increasing sales of existing products; (ii) introducing new products and product lines; (iii) expanding international sales; and (iv) acquiring businesses and forming strategic alliances. While the elements of the strategy are stated in order of importance over the long term, our management understands and believes that strategic acquisitions will provide the best opportunity for more rapid growth in the short term. For that reason, we maintain an active acquisition program as well as financial and other resources to capitalize on opportunities as they arise.

Risk Factors

Our business is subject to numerous risks, as more fully described in the section entitled Risk Factors on page 3 of this prospectus.

Our Corporate Information

We were incorporated under the laws of the State of Michigan in 1981. Our principal executive offices are located at 620 Lesher Place, Lansing, Michigan 48912-1595, and our telephone number is (517) 372-9200. Our website address is www.neogen.com. The information on, or that can be accessed through, our website is not incorporated by reference into this prospectus and should not be considered to be a part of this prospectus. Unless the context indicates otherwise, as used in this prospectus, the terms Neogen, Neogen Corporation, the Company, we, us our refer to Neogen Corporation, a Michigan corporation, and its subsidiaries. Our trademarks and our registered trademarks include Neogen®, Neogen flask®; Food Safety: AccuClean, AccuScan, AccuPoint®, Acumedia® and logo®, Agri-Scan®, Agri-Screen®, Agri-Screen Ticket®, Alert®, BetaStar®, Centrus®, GeneQuence, Gene-Trak®, ISO-GRID, NEO-GRID, Penzym®, Penzyme®, Reveal®, Revive®, Soleris®, Veratox®; Animal Safety: AluShield, AmVet®, BottomHoof, BotVax®, Calf Eze, CyKill, D3 Needles, DC&R®, Dr. Frank s, ElectroJac®, ELISA Technologies®, EqStim®, EquiMax, Fura-Zone®, Gnat-Away, GNatural, Gold Nugget®, Gold Wrap, Havoc®, Ideal®, ImmunoRegulin®, ImmunoVet®, Injecto-Stik, Insight®, Iso-Prine, K-Blue®, K-Gold®, MegaShot, Mini-Shot®, MycAseptic®, NFZ, NeedleGard®, Paddock & Pasture®, PanaKare, Poridon®, Pro-Pistol, Pro-Shot, ProZap®, Pyril-Pam®, Ramik®, RenaKare, Rodex, Shine N Glo, Spec-Tuss, Squire®, Stam-N-Aid, Stress-Dex®, TCA Paint, ThrushCrusher, TopHoof, Tri-Hist®, Tri-Seal, Triple Block, Triple Cast, Triple Heat, Tri-Soxsuprine, UriKare, UriCon and Vita-15. Each of the other trademarks, trade names or service marks appearing in this prospectus belongs to its respective holder.

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THE OFFERING

Common shares offered by us	750,000 shares
Common shares offered by selling shareholders	250,000 shares
Common shares to be outstanding immediately after the offering	9,060,249 shares
Use of Proceeds	We expect to use the net proceeds of this offering to repay long-term indebtedness and for working capital and general corporate purposes. See Use of Proceeds.
Nasdaq National Market Symbol	NEOG

The number of shares to be outstanding immediately after this offering does not include 1,293,523 common shares issuable upon exercise of stock options granted under our stock option plans or warrants outstanding as of April 30, 2006.

RECENT EVENTS

On December 19, 2005, we purchased certain assets of the dairy antibiotics business of UCB FD Bioproducts, a division of Belgium-based UCB Group. Our consolidated statements of income for the three and nine month periods ended February 28, 2006 reflect the results of operations of UCB FD Bioproducts since the date of purchase. Consideration for the purchase, including transaction costs to date, was $15.0 million in cash, plus post-closing adjustments and potential secondary payments of up to $4.3 million.

We believe the business is a strong synergistic fit with our overall strategy of providing food and animal safety solutions. The principal product sells under the name Beta Star and is distributed by Copenhagen based Chr. Hansen, a well-known worldwide supplier of products to the dairy processing industry. More than 90% of the sales are made to customers outside the North America, as the current product does not have United States regulatory approvals. It is our intention to aggressively pursue obtaining such approvals; however, it is not possible to predict when, if ever, such approvals will be obtained.

Unaudited pro forma financial information, as if the acquisition of the Dairy Antibiotics business had taken place on June 1, 2004, is as follows:

	Three Months Ended		Nine Months Ended	
	February 28, 2006 ($)	2005 ($)	February 28, 2006 ($)	2005 ($)
	(In thousands except per share amounts)			
Revenue	17,584	16,581	57,013	53,608
Net Income	1,632	1,498	6,564	5,390
Diluted net income per share	0.19	0.17	0.77	0.64

On February 17, 2006, we purchased the outstanding common stock of Centrus International, Inc., a wholly owned subsidiary of Eastman Chemical Company, of Kingsport, Tennessee. Our consolidated statements of income for the three and nine month periods ended February 28, 2006 reflect the results of operations of Centrus since the date of purchase. Consideration for our purchase consisted of $3.3 million in cash. Centrus produces Soleris , a user-friendly, rapid optical testing system that detects microbial contamination and represents a synergistic fit with our food safety solutions. The sales and marketing of the Soleris system will be shared worldwide by our Food Safety Division, and a proven third-party distributor of Centrus Products, Denmark-based Foss Analytical. Centrus had sales of $2.8 million during the 12 month period ended December 31, 2005 (prior to the acquisition). On a pro forma basis, our net income prior to the acquisition would not be materially affected.

We financed these acquisitions primarily by borrowing under our $17.5 million credit line with LaSalle Bank. As of February 28, 2006, drawings under this credit line totaled $12.8 million.

RISK FACTORS

An investment in our common shares involves a high degree of risk. You should carefully consider the specific factors described below, together with the cautionary statement under the caption Forward-Looking Statements and the other information included or incorporated by reference in this prospectus, before purchasing our common shares. The risks described below are not the only ones that we face. Additional risks that are not yet known to us or that we currently think are immaterial could also impair our business, financial condition or results of operations. If any of the following risks actually occurs, our business, financial condition or results of operations could be adversely affected. In such case, the trading price of our common shares could decline, and you may lose all or part of your investment.

Risks Relating to Our Business

Our business strategy is dependent on successfully identifying and integrating acquisitions as well as promoting internal growth.

Our business has grown significantly over the past several years as a result of both internal growth and acquisitions of existing businesses and their products. We may use a portion of the proceeds of this offering or other sources of capital to make additional acquisitions. See Use of Proceeds. The Company has no agreements or commitments in place with respect to, and is not currently engaged in any negotiations for, any such acquisition. Identifying and pursuing acquisition opportunities, integrating these acquisitions into our business and managing their growth require a significant amount of management time and skill. We cannot assure you that we will be effective in identifying, integrating or managing any acquisition target in the future. Our failure to successfully integrate and manage any future acquisition may have a material adverse effect on our operating results and financial condition.

In addition, if we continue to experience growth in our business, our growth could place a significant strain on our management, customer service, operations, sales and administrative personnel and other resources. To serve the needs of our existing and future customers, we will be required to train, motivate and manage qualified employees. We have incurred and will continue to incur significant costs to retain qualified management, sales and marketing, engineering, production, manufacturing and administrative personnel, as well as expenses for marketing and promotional activities. Our ability to manage our planned growth depends upon our success in expanding our operating, management and information and financial systems, which might significantly increase our operating expenses.

We might not be able to manage effectively our future growth, and if we fail to do so, our business, financial condition and results of operations would be adversely affected.

The development of new products entails substantial risk of failure.

We are continually developing new products for which we believe there should be significant market demand. We cannot assure you that we will successfully develop commercially viable products, that the products will be developed on a timely basis to meet market demand or that the relevant market will be properly identified. If we expend substantial resources in developing an unsuccessful product, operating results will be adversely affected.

Our international operations are subject to different product standards as well as other operational risks.

In fiscal 2005, international sales accounted for 27% of the Company s total revenue. We expect that our international business will continue to account for a significant portion of our total revenue. Foreign regulatory bodies may establish product standards different from those in the U.S. and with which the Company s current products do not comply. Our inability to design products that comply with foreign standards could have a material adverse effect on our future growth. Other risks related to our international sales include the possible disruption in transportation, difficulties in building and managing foreign distribution, fluctuation in the value of foreign currencies, import duties and quotas and unexpected economic and political changes in foreign markets. These factors might adversely affect international sales and our overall financial performance.

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The markets for our products are extremely competitive, and our competitors may be able to utilize existing resource advantages to our detriment.

The markets in which the Company competes are subject to rapid and substantial changes in technology and are characterized by extensive research and development and intense competition. Many of our competitors and potential competitors have greater financial, technical, manufacturing, marketing, research and development and management resources than we do. These competitors might be able to use their resources, reputations and ability to leverage existing customer relationships to give them a competitive advantage over us. They might also succeed in developing products that are at least as reliable and effective as our products, that make additional measurements, that are less costly than our products or that provide alternatives to our products.

We are dependent on the agricultural marketplace, which is affected by factors beyond our control.

Our primary customers are in the agricultural and food production industries. Economic conditions affecting agricultural industries are cyclical and are dependent upon many factors outside our control, including weather conditions or changes in consumption patterns. An economic downturn in the agricultural marketplace could adversely affect our sales.

Our quarterly operating results are subject to significant fluctuations.

We have experienced, and may experience in the future, significant fluctuations in our quarterly operating results. The mix of products sold and the acceptance of new products, in addition to other factors, could contribute to this quarterly variability. We operate with relatively little backlog and have few long-term customer contracts. Substantially all of our product revenue in each quarter results from orders received in that quarter. In addition, our expense levels are based, in part, on expectation of future revenue levels. A shortfall in expected revenue could, therefore, result in a disproportionate decrease in our net income.

Our success is highly dependent on our ability to obtain protection for the intellectual property utilized in our products.

Our success and ability to compete depends in part upon our ability to obtain protection in the United States and other countries for our products by establishing and maintaining intellectual property rights relating to or incorporated into our technology and products. Patent applications filed by the Company may not result in the issuance of patents or, if issued, may not be issued in a form that will be commercially advantageous to us. Even if issued, patents may be challenged, narrowed, invalidated or circumvented, which could limit our ability to stop competitors from marketing similar products or limit the length of time of patent protection we may have for our products. We also cannot assure you that our nondisclosure agreements, together with trade secrets and other common law rights, will provide meaningful protection for the Company s trade secrets and other proprietary information. Moreover, the laws of some foreign jurisdictions may not protect intellectual property rights to the same extent as in the United States, and many companies have encountered significant difficulties in protecting and defending such rights in foreign jurisdictions. If we encounter such difficulties or we are otherwise precluded from effectively protecting our intellectual property rights domestically or in foreign jurisdictions, we may incur substantial costs and our business, including our business prospects, could be substantially harmed.

From time to time, the Company has received notices alleging that the Company s products infringe third party proprietary rights. Whether the manufacture, sale or use of current products, or whether any products under development would, upon commercialization, infringe any patent claim will not be known with certainty unless and until a court interprets the patent claim in the context of litigation. If an infringement allegation is made against us, we may seek to invalidate the asserted patent claim and/or to allege non-infringement of the asserted patent claim. In order for us to invalidate a U.S. patent clam, we would need to rebut the presumption of validity afforded to issued patents in the United States with clear and convincing evidence of invalidity, which is a high burden of proof.

The outcome of infringement litigation is subject to substantial uncertainties, and also the testimony of experts as to technical facts upon which experts may reasonably disagree. Our defense of an infringement litigation lawsuit could result in significant expense. Regardless of the outcome, infringement litigation could significantly

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disrupt our marketing, development and commercialization efforts, divert our management s attention and consume our financial resources.

In the event that we are found to infringe any valid claim in a patent held by a third party, we may, among other things, be required to:

- pay damages, including up to treble damages and the other party s attorneys fees, which may be substantial;
- cease the development, manufacture, importation, use and sale of products that infringe the patent rights of others, through a court-imposed sanction called an injunction;
- expend significant resources to redesign our technology so that it does not infringe others patent rights, or to develop or acquire non-infringing intellectual property, which may not be possible;
- discontinue manufacturing or other processes incorporating infringing technology; and/or
- obtain licenses to the infringed intellectual property, which may not be available to us on acceptable terms, or at all.

Any development or acquisition of non-infringing products or technology or licenses could require the expenditure of substantial time and other resources and could have a material adverse effect on our business and financial results. If we are required to, but cannot, obtain a license to valid patent rights held by a third party, we would likely be prevented from commercializing the relevant product, or from further manufacture, sale or use of the relevant product.

We are subject to substantial governmental regulation.

A portion of our products are regulated by various domestic and foreign government agencies, including the U.S. Department of Agriculture and the U.S. Food and Drug Administration. Although less than 10% of our revenues is currently derived from products requiring government approval prior to sale, a significant portion of our revenues is derived from products used to monitor and detect the presence of residues that are regulated by various government agencies. Furthermore, a significant portion of the Company s growth may be affected by the implementation of new regulations.

We are dependent on key employees.

The Company s success depends, in large part, on its president and on other members of its management team. Our loss of any of these key employees could have a material adverse effect on the Company. The Company maintains certain incentive plans for its key employees, and most of these employees have been with the Company in excess of five years. However, the Company has not executed long-term employment agreements with any of these employees and does not expect to do so in the foreseeable future. The Company s success also depends, significantly, on its ability to continue to attract such personnel. We cannot assure you that we will be able to retain our existing personnel or attract additional qualified persons when required and on acceptable terms.

Our business may be subject to product liability claims.

The manufacturing and distribution of the Company s products involve an inherent risk of product liability claims being asserted against us. Regardless of whether we are ultimately determined to be liable or our products are determined to be defective, we might incur significant legal expenses not covered by insurance. In addition, product liability litigation could damage our reputation and impair our ability to market our products, regardless of the outcome. Litigation could also impair our ability to retain product liability insurance or make our insurance more expensive. Although the Company currently maintains liability insurance, we cannot assure you that we will be able to continue to obtain such insurance on acceptable terms, or that such insurance will provide adequate coverage against all potential claims. If we are subject to an uninsured or inadequately insured product liability claim, our business, financial condition and results of operations could be adversely affected.

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Market prices for securities of technology companies are highly volatile.

The market prices for securities of technology companies have been volatile in the past and could continue to be volatile in the future. Fluctuations in our financial performance from period to period could have a significant impact on the market price of our common shares.

Risks Related to this Offering

Our common share price may fluctuate substantially, and your investment could suffer a decline in value.

The market price of our common shares may be volatile and could fluctuate substantially due to many factors, including:

- actual or anticipated fluctuations in our results of operations;
- the introduction of new products or services, or product or service enhancements by us or our competitors;
- developments with respect to our or our competitors intellectual property rights;
- announcements of significant acquisitions or other agreements by us or our competitors;
- our sale of common shares or other securities in the future;
- the trading volume of our common shares;
- changes in our pricing policies or the pricing policies of our competitors;
- changes in the estimation of the future size and growth of our markets; and
- general economic conditions.

In addition, the stock market in general, the Nasdaq National Market and the market for shares of technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Further, the market prices of securities of technology companies have been particularly volatile. Broad market and industry factors may materially harm the market price of our common shares, regardless of our operating performance. In the past, following periods of volatility in the market price of a company s securities, shareholder derivative lawsuits and securities class action litigation have often been instituted against that company. Such litigation, if instituted against us, could result in substantial costs and a diversion of management s attention and resources.

Because of their significant stock ownership, some of our existing shareholders will be able to exert control over us and our significant corporate decisions.

Our executive officers, directors and their affiliates own, in the aggregate, approximately 14% of our outstanding common shares. As a result, these persons, acting together, could have the ability to exercise significant influence on the outcome of all matters submitted to our shareholders for approval, including the election and removal of directors and any significant transaction involving us. In addition, these persons, acting together, could have the ability to control the management and affairs of our company. This concentration of ownership may harm the market

price of our common shares by, among other things:

delaying, deferring, or preventing a change in control of our company;

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impeding a merger, consolidation, takeover, or other business combination involving our company;

causing us to enter into transactions or agreements that are not in the best interests of all shareholders; or

discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company.

Our articles of incorporation and Michigan law may have the effect of delaying or preventing a change of control, which could adversely affect the value of your shares.

Our certificate of incorporation, as amended, provides that our board of directors will be authorized to issue from time to time, without further shareholder approval, up to 100,000 preferred shares in one or more series and to fix or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each series, including the dividend rights, dividend rates, conversion rights, voting rights, rights of redemption, including sinking fund provisions, redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of any series. Such preferred shares could have preferences over our common shares with respect to dividends and liquidation rights. We may issue preferred shares in ways which may delay, defer or prevent a change of control of our company without further action by our shareholders. Such preferred shares may be issued with voting rights that may adversely affect the voting power of the holders of our common shares by increasing the number of outstanding shares having voting rights, and by the creation of class or series voting rights. In addition, we are subject to Michigan statutes regulating business combinations, takeovers and control share acquisitions, which might also hinder or delay a change in control of our company. Anti-takeover provisions that could be included in the preferred shares when issued and the Michigan statutes regulating business combinations, takeovers and control share acquisitions can depress the market price of our securities and can limit the shareholders ability to receive a premium on their shares by discouraging takeover and tender offer bids, even if such events could be viewed as beneficial by our shareholders.

We have broad discretion to determine how to allocate the net proceeds of this offering and may not use them effectively.

We intend to use the net proceeds of this offering primarily to retire debt and for working capital and general corporate purposes. We are raising money for these purposes to strengthen our balance sheet and provide us with greater flexibility in implementing our business plans and responding to future business conditions and opportunities. We will retain broad discretion to determine how to allocate the net proceeds of this offering and the timing of the payments. If we fail to apply these funds effectively, the failure could result in financial losses that could have a material adverse effect on our business and cause the price of our common shares to decline. Pending the application of such proceeds, we intend to invest the proceeds in short-term, U.S. government or other investment grade, interest-bearing investments.

We have never paid cash dividends on our common shares, and we do not anticipate paying any cash dividends in the foreseeable future.

We have never paid cash dividends on our common shares and do not expect to pay dividends in the foreseeable future. We currently intend to retain any future earnings for use in our business. The payment of any future dividends will be determined by the board in light of the conditions then existing, including our financial condition and requirements, future prospects, restrictions in financing agreements, business conditions and other factors deemed relevant by the board. As a result, capital appreciation, if any, of our common shares will be your sole source of gain for the foreseeable future.

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FORWARD-LOOKING STATEMENTS

Some of the statements in this prospectus and the documents we incorporate by reference are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements include statements relating to our performance in the sections entitled Summary, Risk Factors, Use of Proceeds and Business and elsewhere in this prospectus and the documents we incorporate by reference. Forward-looking statements include statements regarding the intent, belief or current expectations of us or our management, including statements preceded by, followed by or including forward-looking terminology such as may, will, should, believe, expect, anticipate, plan, intend, propose, estimate, continue, predict or similar expressions, with respect to various matters.

These statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. We discuss many of these risks, uncertainties and other factors in this prospectus in greater detail under the heading Risk Factors. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. You should read this prospectus and the documents that we have filed as exhibits and incorporated by reference to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect. We hereby qualify all of our forward-looking statements by these cautionary statements.

All forward-looking statements in this prospectus are based on information available to us on the date of this prospectus. We do not undertake to update any forward-looking statements that may be made by us or on our behalf in this prospectus or otherwise.

USE OF PROCEEDS

We estimate that we will receive approximately $15,750,000 in net proceeds from the 750,000 common shares that we are offering. based upon the estimated net public offering price (after deducting selling commissions and estimated offering expenses payable by us) of $21.00 per share. We will not receive any of the proceeds of the sale of shares offered by the selling shareholders.

We estimate that we will use approximately $9,650,000 of our net proceeds to retire long term debt. As of May 10, 2006, we had long term debt of approximately $9,650,000, which consisted of borrowings under our unsecured revolving line of credit with LaSalle Bank. The interest rate on borrowings under the line of credit is LIBOR plus 95 basis points (6.03% as of May 10, 2006), and the line of credit matures on December 1, 2007. We have utilized borrowings under the line of credit for purposes of acquiring a dairy antibiotic business (in addition to short term working capital purposes).

We intend to use the remainder of our net proceeds, if any, for working capital and general corporate purposes. We are raising money for these purposes to strengthen our balance sheet and provide us with greater flexibility in implementing our business plans and responding to future business conditions and opportunities. We may use a portion of our net proceeds to acquire complementary products, technologies or businesses. We currently have no agreements or commitments to complete any such transactions. The amounts and timing of our actual expenditures may vary significantly depending upon numerous factors, including our future revenues and cash generated by operations. Accordingly, we will retain broad discretion to determine how to allocate the net proceeds of this offering and the timing of the payments.

Pending the application of such proceeds, we intend to invest the proceeds in short-term, U.S. government or other investment grade, interest-bearing investments.

PRICE RANGE OF COMMON SHARES AND DIVIDEND POLICY

Our common shares trade on The Nasdaq National Market under the trading symbol NEOG. The following table sets forth, for the periods indicated, the range of high and low sales prices of our common shares as reported by Nasdaq.

	High ($)	Low ($)
Fiscal Year Ending May 31, 2004		
First Quarter	15.52	11.33
Second Quarter	17.51	13.61
Third Quarter	23.52	17.01

Fourth Quarter	22.80	15.83
Fiscal Year Ending May 31, 2005		
First Quarter	20.00	15.86
Second Quarter	21.76	17.35
Third Quarter	23.00	17.00
Fourth Quarter	18.99	12.46
Fiscal Year Ending May 31, 2006		
First Quarter	17.40	13.50
Second Quarter	20.48	15.35
Third Quarter	23.15	19.75
Fourth Quarter (through May 11, 2006)	25.22	21.13

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On May 11, 2006, the last reported sales price for the common shares on The Nasdaq National Market was $22.65 per share. As of May 5, 2006, we had 395 shareholders of record of our common shares.

We have never paid cash dividends on our common shares and do not expect to pay dividends in the foreseeable future. We currently intend to retain any future earnings for use in our business. The payment of any future dividends will be determined by the board in light of the conditions then existing, including our financial condition and requirements, future prospects, restrictions in any financing agreements, business conditions and other factors deemed relevant by the board.

CAPITALIZATION

The following table sets forth our capitalization as of February 28, 2006 and as adjusted to give effect to the sale of 750,000 common shares that we are offering at an assumed public offering price of $21.00 per share, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	As of February 28, 2006	
	Actual	As Adjusted
	(in thousands)	
Long-Term Debt	$ 12,800	$
Shareholders Equity		
Preferred shares, $1.00 par value, 100,000 shares authorized, none issued and outstanding		
Common shares, $.16 par value, 20,000,000 shares authorized, 8,282,000 shares issued and outstanding at February 28, 2006; 9,032,000 shares issued and outstanding, as adjusted (1)	1,326	1,446
Additional paid-in capital	27,591	43,221
Accumulated other comprehensive income	143	143
Retained earnings	32,577	32,577
Total Shareholders Equity	61,637	77,387
Total Capitalization	$ 74,437	$ 77,387

(1) Does not include 1,330,105 shares reserved for issuance upon the exercise of stock options and warrants outstanding as of February 28, 2006 (not all of which are vested and exercisable).

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BUSINESS

Products

We operate in two primary business areas: products designed to detect pathogens, natural toxins and other unwanted substances in food and feed products (the food safety segment) and animal health products (the animal safety segment).

Food Safety Segment

Our food safety segment primarily develops, manufactures and markets diagnostic test kits and complementary products designed to detect dangerous and/or unintended substances in food and animal feed, such as foodborne pathogens, natural toxins, food allergens, genetic modifications, ruminant by-products, drug residues and pesticide residues and to address other general sanitation concerns. We market these products to food and feed producers and processors.

Most of our food safety test kits use immunoassay technology, which uses antibodies that have been developed to bind to a target compound or class of compounds, to rapidly detect target substances. Our ability to produce superior antibodies sets our products apart from immunoassay test kits produced and sold by other companies. Our test kits are available in microwell formats, which allow for the rapid processing of a large number of samples and automated procedures, and lateral flow and other similar devices that provide distinct visual results. Each test kit uses antibody-coated test devices and chemical reagents to produce a color change to indicate a positive or negative result for the presence of a target substance in a test sample. The simplicity of the tests, similar to the technology used in home pregnancy tests, make them accessible to all levels of food producers, processors and handlers with minimal equipment and training.

Our customers, which range from small local grain elevators to the largest, best-known food and feed processors in the world, as well as numerous regulatory agencies, use our test kits to detect potential hazards in food and animal feed.

Meat and poultry processors, seafood processors and fruit and vegetable producers are the primary users of Neogen s Reveal® test for foodborne bacteria, including *E. coli* O157:H7, *Salmonella*, *Listeria* and *Campylobacter*. Grain producers and processors of all types and sizes use our Veratox®, AgriScreen® and Reveal® tests for mycotoxins, including aflatoxin, deoxynivalenol, fumonisin, ochratoxin, zearalenone and T-2 toxin, to help ensure product safety and quality. The world s largest producers of cookies, crackers, candy, ice cream and many other foods, use the Company s market-leading Veratox® and Reveal® testing products for food allergens to protect food-allergenic customers from the inadvertent contamination of products with food allergens such as peanut, milk, egg, almond, wheat and soy residues.

We developed the first rapid immunoassay test kits to detect ruminant by-products in animal feed ingredients and finished feed. The Reveal® tests were designed to help prevent ruminants (cattle, sheep and goats) from being fed rendered materials containing ruminant by-products in an effort to prevent the spread of BSE (also known as, mad cow disease). Our specialty products for the seafood market include tests for histamine, a highly

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allergenic substance that develops when certain species of fish begin to decay; chloramphenicol, a banned antibiotic in most of the world, that is still used by some shrimp farmers to improve the yield of their product; and sulfites, an effective but potentially allergenic shrimp preservative.

We also offer other test methods and products to complement its immunoassay tests. The Company s line of GeneTrak® and GeneQuence assays utilize DNA probe hybridization technology to create sensitive and specific tests to detect foodborne bacteria. Instead of using antibodies, as in an immunoassay, to capture a target pathogen that may be present in a substance sample, this technology uses a portion of the target pathogen s unique ribosomal RNA (rRNA) sequence to bind to complementary rRNA strands of the pathogen in a sample. The result is a test with the ease of use and speed of a rapid test method (such as immunoassay), but the specificity of a time-consuming conventional laboratory method (specificity is a test s ability to distinguish between a target pathogen, and a closely-related but innocuous bacterium).

Our Acumedia® subsidiary offers dehydrated culture media for varied purposes, including traditional bacterial testing, and growing beneficial bacteria, such as cultures for sausages and beer. Our customers for dehydrated culture media also include commercial and research laboratories and producers of pharmaceuticals, cosmetics and veterinary vaccines.

We manufacture and market our AccuPoint rapid sanitation test for adenosine triphosphate (ATP), a chemical found in all living cells. AccuPoint is an easy to use and relatively inexpensive test that uses bioluminescence to quickly (in less than 10 seconds) determine if a food contact surface has been sanitized completely. When ATP comes into contact with the firefly reagent luciferin and luciferase contained in the test device, a reaction takes place that produces light. The need for additional sanitation can be gauged based on the amount of light present (indicating the amount of ATP present). The worldwide customer base for our ATP sanitation testing products includes food and beverage processors, the foodservice industry as well as many other users.

Food safety segment revenues accounted for 44.9%, 49.7%, and 55.5% of the Company s total revenues for fiscal years ended May 31, 2005, 2004 and 2003, respectively.

Animal Safety Segment

Our animal safety segment primarily develops, manufactures and markets pharmaceuticals, rodenticides, disinfectants, vaccines, veterinary instruments, topicals and diagnostic products to the worldwide animal safety market.

Our AmVet® product line includes many innovative, value-added, high quality products for the veterinary market. Popular AmVet® products include PanaKare , a digestive aid that acts as a replacement therapy where digestion of protein, carbohydrate and fat is inadequate due to exocrine pancreatic insufficiency; Natural Vitamin E-AD, which aids in the prevention and treatment of vitamin deficiencies in swine, cattle and sheep; and RenaKare , a supplement for potassium deficiency in cats and dogs. Our TripleCrown line has developed quality equine veterinary care products since 1971. Products sold under the TripleCrown brand include Vita-15 and Liver 7, which are used in the treatment and prevention of nutritional deficiencies in horses.

On November 21, 2003, we acquired Hacco, Inc., a manufacturer of rodenticides, including products under the brands Ramik®, Havoc® and Prozap®. On the same date, we also acquired Hess & Clark, Inc. Hess & Clark s principal products are disinfectants, such as DC&R