

VetPartners™

MEMBERSHIP CLASSIFICATIONS

Beginning with the membership renewal season for next year (2018), all members will fill out industry classification form each year upon renewal. Here are the membership classifications:

1a(2) CONSULTANT/ADVISOR - Individuals working for companies, or who are self-employed, where the primary revenue of either the company or the individual is derived from the creation, dissemination, provision or sale of individualized intellectual capital and services based on such capital to veterinarians and/or veterinary organizations. Typical examples are individuals the fields of finance, law, accounting, actuarial science, or consulting and who do not meet the definition of Industry Representative.

1a(3) INDUSTRY REPRESENTATIVE - Individuals working for companies, or who are self-employed, where the primary revenue of either the company or the individual is derived from the sale of products or generalized, non-consulting services to veterinarians and/or veterinary organizations. Typical examples of the products or non-consulting services covered in this definition include banking, pet insurance, pet food, pet products, laboratory services, equipment, supplies, computer hardware and software, prescription and non-prescription medications.

Other Information:

General Principle Regarding Bias Against Industry Designation – In general, there should be a bias in favor of members being categorized as Consultants/Advisors unless they are clearly Industry members under the Bylaws definition, or (ii) they could possibly be considered Industry members under that definition and they work for a company that would be competitive with a sponsor or likely sponsor of VetPartners.

Practice Owners – A practice owner or employee of a practice owner (whether a single practice, multiple practices, or a corporate group) will be classified as a Consultant/ Advisor, unless the practice owner or the member employed by the practice owning company obtains a majority of his/her/its

revenue from a business that would be categorized as Industry under the Bylaws.

Website Providers/Media Consultants – While acknowledging that good arguments could be made for either classification, the Task Force determined that companies whose primary services are marketing, website development and other related ancillary services best fit the Consultant/Advisor category.

Financial Advisors/Real Estate Brokers – Financial advisors and real estate brokers also best fit in the Consultant/Advisor category, since their services involve a significant consultative component.

Insurance Companies – Pet insurance companies are automatically Industry members, under the terms of the VetPartners Bylaws. Employees of other types of insurance companies are also classified as Industry members, since their insurance products are essentially “off the shelf” and do not involve a significant consultative component.

Parent Company/Subsidiary/Division Issues – If a member works for a subsidiary, then the member’s categorization will be determined based on that subsidiary, rather than the consolidated corporate group. If the company has divisions, rather than subsidiaries, then the member’s categorization will be determined based on the entire company, rather than the division that the member works for.

If the member works for a parent company of a consolidated corporate group, then that member will be categorized as an Industry member if either (i) the majority of the revenues of the consolidated corporate group comes from Industry sources, or (ii) the corporate group includes one or more subsidiaries that would be categorized as Industry, if the revenues from any such subsidiary(ies) exceed \$5,000,000 per year in the aggregate.

Examples:

1. Sally obtains the majority of her income from serving as an employee of Pharma Corp. Sally provides veterinary consulting services on behalf of Pharma Corp., but Pharma Corp. obtains the majority of its revenues from pharmaceutical sales. Sally would be an Industry member.
2. Stuart obtains the majority of his income from serving as a veterinarian providing veterinary services for a subsidiary of Conglomerate Corporation that owns and operates multiple veterinary practices. Conglomerate Corporation owns multiple subsidiaries, obtains the majority of its revenues from its veterinary practices, but

owns one subsidiary that sells over \$5,000,000 of equipment per year.
Stuart would be a Consultant/Advisor member.

3. Sheila obtains the majority of her income from serving as an employee of Conglomerate Corporation (*i.e.*, the parent company described in Example 2 above).
Sheila would be an Industry member.
4. Stan obtains the majority of his income from serving as a veterinarian providing veterinary services for a division (not a subsidiary) of Big Time Company. Big Time Company obtains the majority of its revenues from providing laboratory services.
Stan would be an Industry member.