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**Brakke Consulting's  
Animal Health News & Notes for January 9, 2004**

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COMPANY NEWS RELEASES

> **Virbac Corporation** announced the introduction of Clintabs (clindamycin hydrochloride) Tablets, the first veterinary clindamycin tablet formulation for dogs in the US. Until now, clindamycin was available only as a liquid. Clintabs are available in 25mg, 75mg and 150mg tablet presentations and are used to treat infections of the oral cavity, skin, and bone. In addition to the tablets, Virbac is also introducing Clinsol (clindamycin hydrochloride) Liquid, a liquid formulation of clindamycin for use in dogs and cats. *(Business Wire)*

> **Central Garden & Pet Company** announced that it has acquired substantially all of the assets of **Kent Marine, Inc.** Kent Marine markets and sells premium aquarium supplies domestically and internationally. Kent Marine is a leading supplier of saltwater aquarium supplements and conditioners with annual sales of approximately \$7 million. Terms were not disclosed. *(Business Wire)*

> **Merial** announced the release of a new equine vaccine: RECOMBITEK Equine West Nile Virus (WNV) vaccine. The USDA recently approved RECOMBITEK Equine West Nile Virus vaccine, which is now available to veterinarians. *(Business Wire)*

> **Novartis** announced that Kurt Schmidt, currently Global Head of Novartis Animal Health Inc., has been named Global Head of the Novartis Infant & Baby Business Unit. George Gunn, presently Head of Novartis Animal Health US and North America, will take over the leadership of Novartis

Animal Health Inc. as of February 1, 2004. The company added that the nomination of George Gunn's successor as Head of the Novartis Animal Health US business will be announced separately. (*company press release*)

> **The Iams Company** announced today that Glen F. Hoffsis, DVM, will join the company as Director of Veterinary Services. Dr. Hoffsis currently is dean of the College of Veterinary Medicine at The Ohio State University. This marks the first time a pet food company has hired the dean of a veterinary school. Hiring Dr. Hoffsis comes on the heels of an expansion into service-based veterinary partnerships. Iams launched initiatives in Iams Pet Imaging Centers and in pet health insurance to work with veterinarians beyond food to enhance the health care of dogs and cats. (*Business Wire*)

> **eMerge Interactive, Inc.** announced that its CattleLog system has been designated as a Process Verified Program (PVP) by the USDA's Agricultural Marketing Service. The PVP is designed to provide livestock and meat producers an opportunity to assure customers of their ability to provide consistent, quality products by having their written manufacturing processes confirmed through independent third-party audits. The USDA approval makes eMerge Interactive the first USDA-approved provider of individual animal identification and life history tracking services. (*company press release*)

> **Land O'Lakes, Inc.** announced that it recently completed the sale of \$175 million in aggregate principal amount of its 9% senior secured notes due 2010. The Company used the proceeds of the sale to repay borrowings under its outstanding term loans. (*PRNewswire*)

> **Phibro Animal Health Corporation** (formerly Philipp Brothers Chemicals, Inc.) announced the completion of the sale of the business and assets of its Prince Manufacturing Company ("PMC") subsidiary on December 26, 2003 to a company formed by Palladium Equity Partners II, LP and certain of its affiliates, and the related reduction of its preferred stock held by the Palladium Investors. In connection with such transaction, the preferred stock of Phibro owned by the Palladium Investors was reduced from \$72.5 million to \$16.6 million as of the closing date, and the Company made a cash payment of \$10 million to the Palladium Investors. This completes the financing and restructuring contemplated in connection with Phibro's recent issuance of \$105 million of 13% senior secured notes due 2007. (*Business Wire*)

> **PPL Therapeutics PLC** has sold the technology that was used to clone Dolly the sheep for \$1.35 million as the company prepares to shut down. According to the company, patents and other intellectual property were purchased by

Exeter Life Sciences, a holding company based in Arizona.  
(*AnimalNet - Toronto Star*)

> **Advanced ID** Corp. announced it has signed Trace Australia Pty. Ltd. as its exclusive distributor of its radio frequency identification (RFID) products for Australia. Australia exports 70% of its beef products, and has recently stepped up its livestock identification systems to meet EU import requirements. (*AnimalNet*)

> JAPAN **Meiji Seika** announced the acquisition of the animal health business of **Daiichi** Pharmaceuticals and its subsidiary Daiichi Fine Chemicals. The business will be transferred to Meiji on June 1, 2004. Financial details were not disclosed. (*company news*)

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**Brakke Consulting's  
2004 Animal Health and Nutrition Overview  
"Your Customers, Now and in the Future"**

- how are your customers changing?
- is your organization prepared for these changes?
- what is happening in the personnel management area in animal health?
- how are distributors viewed by their customers?
- what have been the successes and challenges for the leading animal health companies?
- market trends and activities in 2003 - 2004
- the Brakke industry outlook for 2004

All these questions will be reviewed and answered at our scheduled seminars. The Overview can also be individually scheduled for your company's management team. We guarantee that the presentation will be challenging and will cause some rethinking of your business plan.

The Overview will be presented at the North American Veterinary Conference in Orlando and at the Western Veterinary Conference in Las Vegas. Seating is limited, so reserve your place now.

For more details or to reserve your seat, please call Jane Morgan at 972-243-4033 or email [jmorgan@brakkeconsulting.com](mailto:jmorgan@brakkeconsulting.com), or register online at [www.brakkeconsulting.com](http://www.brakkeconsulting.com).

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**ANIMAL HEALTH NEWS**

> US The USDA announced that DNA evidence has verified verify with a high degree of certainty that the BSE-positive cow found in Washington State originated from a dairy farm in Alberta, Canada. This DNA evidence is based on a comparison of DNA from the brain of the positive cow

with the DNA from semen of her sire and was confirmed by both US and Canadian animal health laboratories. This new DNA information, coupled with the documentation that USDA has obtained from its colleagues in Canada, the owner of the dairy farm in Mabton, Washington, and from import records, further increases USDA's confidence in the accuracy of this traceback. (*PRNewswire*)

> TAIWAN Taiwan reported its first case of avian influenza, but said that six ducks smuggled from mainland China which had tested positive have been destroyed. The council of Agriculture is closely monitoring the situation to prevent avian influenza from spreading in Taiwan. The ducks were not sold to the market or entered into any local farms, and were found on the water near Taiwan's frontline island of Quemoy. (*AnimalNet - Reuters*)

> VIETNAM Nearly 60,000 chickens have died from a mystery virus in two provinces in southern Vietnam, with as many as 400,000 thought to be infected. The disease emerged last week and has triggered panic selling of chickens among local farmers, raising concern that the virus could spread across other parts of the Mekong Delta region. The provincial government's veterinary department refused to speculate on whether the virus could be avian influenza, stating that they plan to send blood samples to overseas laboratories to determine the type of virus. (*AnimalNet - Agence France Presse; Meating Place*)

> US Cattle futures prices gained ground on Monday for the second straight day of trading after falling 20% following the Dec. 23 announcement of the US' first BSE case in Washington state. Live cattle for February delivery at the Chicago Mercantile Exchange rose the daily limit of 1.500 cents a pound to 75.300. That benchmark contract had closed at 90.675 cents before the Dec. 23 announcement. The market was buoyed in part by optimism that export markets would reopen soon. On Monday, Japan, which accounts for about a third of the US export market, said it would send a technical team here to check US mad cow safeguards. Washington sent a team to Mexico the same day to update officials there on the case. However, most analysts said the price volatility is far from over. (*Meating Place*)

> US The USDA will cull 450 calves in a Washington state herd that includes an offspring of the cow diagnosed with bovine spongiform encephalopathy. USDA officials decided to kill all month-old calves in the herd because they cannot determine which one was born to the infected cow. While officials have speculated that contaminated feed is the most likely source of infection, they cannot rule out transmission of the disease from mother to calf. (*Meating Place*)

> US People for the Ethical Treatment of Animals (PETA) has launched a new website at the URL [www.beef.com](http://www.beef.com). The innocuous looking address, which is strikingly similar to the National Cattlemen's Beef Association's Web site, [www.beef.org](http://www.beef.org), launched earlier this week as a PETA-sponsored site featuring graphics of a bovine foaming at the mouth, a gas mask and the statement, "It's mad to eat meat." NCBA said it wasn't surprised by the website. The domain name was loaned to PETA for one month by Michael Fischer of Troy, Mich., who is sympathetic to PETA's cause, the organization said. Fischer is trying to sell the domain name. (*Meating Place*)

> US Scientists at North Carolina State University, in conjunction with scientists from the Netherlands and N.C.-based BioResource International, said that research published in the Journal of Infectious Diseases shows that the bacterial enzyme keratinase can fully degrade the abnormal prions from brain tissue infected with BSE, rendering it undetectable. The researchers are in the process of planning another study to test the effectiveness of the enzyme in mice, which is part of a two-year study funded with \$190,000 from the National Cattlemen's Beef Association. The current research was conducted on tissue in test tubes. The researchers will also test the enzyme's effectiveness in decontaminating equipment that processes animal byproducts, which could reduce the risk of spreading BSE during processing. That study is funded for two years with \$180,000 from the FDA. (*Meating Place*)

> US The Virginia-Maryland Regional College of Veterinary Medicine has received a \$300,000 grant from the National Institutes of Health to develop cattle that cannot become infected with bovine spongiform encephalopathy. The research will focus on cloning BSE-resistant cattle by creating an animal that lacks the genomic architecture to code for the production of normal prions. The core objective of the NIH grant is to produce a cow that is genetically incapable of producing prions, and then determine whether or not the viability and function of the animal has been affected by the lack of the prion. Once the cow is cloned in late 2004, the researchers will conduct a number of behavioral and physiological evaluations of the animal. (*Wattnet Meatnews*)

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BRAKKE CONSULTING VIEWPOINT

Unfortunately, the news in the animal health sector in the US will continue to be dominated by the stories associated with the US' first confirmed case of BSE. We have been impressed thus far by the response of the US government and the beef industry. While one can point to a few errors and omissions during the past two weeks, the overall

response to provide accurate and timely information to the press for public consumption has been excellent.

We're of the opinion that, in the long run, some good will result from the lessons of the latest food safety incident. Early indications are that US beef consumption has not been negatively impacted, and it appears that export markets may open fairly quickly. It's now time for everyone involved in the production of animal protein to pull together with various programs to keep meat on the consumer's plate.

A great deal of my time this past week has been involved in putting the finishing touches on our 2004 Animal Health & Nutrition Industry Overview. Wow! A lot happened in 2003 and it appears even more will happen in 2004. We look forward to seeing each of you at one of our scheduled presentations over the next several weeks. There is still time to sign up.

Have a great weekend.

*Ron Brakke*

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Brakke Consulting, Inc.  
2735 Villa Creek, Suite 140  
Dallas, TX 75234 USA

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