
**Brakke Consulting's
Animal Health News & Notes for January 14, 2005**
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COMPANY EARNINGS RELEASES

> **Swift & Company** reported that net sales for the second quarter of FY05 ended Nov. 28, 2004 rose 2.5% to a total of \$2.6 billion versus \$2.54 billion in the same period one year ago. Driven by continued weakness in Swift Beef this quarter, Swift & Company reported EBITDA of \$45.9 million, a 24.2% decline from the \$60.5 million recorded in the second quarter of FY04. Continued outstanding performance by Swift & Company's Australian beef segment in the quarter helped to partially offset the soft results of Swift's US beef segment. *(PRNewswire)*

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The job site dedicated to the Animal Health Industry

We believe this central site for the Animal Health Industry offers tremendous benefits to companies in acquiring the right people – efficiently and effectively. The site is free to jobseekers, and offers a variety of flexible options to employers who are actively searching for the right candidates to fill their open positions.

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To introduce this new service to the industry, we are waiving the \$375 fee to post a job at AnimalHealthJobs.com until **February 15, 2005**. Through this time, your company can post available positions at AnimalHealthJobs at NO CHARGE.

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COMPANY NEWS RELEASES

- > The FDA amended the animal drug regulations to reflect approval of a new animal drug application (NADA) filed by **Merial**, Ltd. The NADA provides for use of ivermectin meal for the control of various species of internal parasites in horses. (*AnimalNet - Federal Register*)
- > The FDA amended the animal drug regulations to reflect approval of an abbreviated new animal drug application (ANADA) filed by **Phoenix Scientific**, Inc. The ANADA provides for use of levamisole hydrochloride soluble powder to make a drench solution for oral administration to cattle and sheep which is effective against various internal parasites. (*AnimalNet - Federal Register*)
- > The FDA amended the animal drug regulations to reflect approval of an abbreviated new animal drug application (ANADA) filed by **Cross Vetpharm Group Ltd.** The ANADA provides for oral use of lincomycin soluble powder to make medicated drinking water for administration to swine for the treatment of swine dysentery or to broiler chickens for the control of necrotic enteritis. (*AnimalNet - Federal Register*)
- > Microchip manufacturer **Crystal Import Corp.** of Birmingham, Alabama filed a federal civil antitrust lawsuit against **AVID Identification Systems**, Inc. and **Digital Angel Corp.** which alleges the two are participating in a monopolistic "conspiracy" in the marketing, sale and distribution of microchips and scanners used to identify lost pets. The lawsuit seeks no less than \$10 million in damages and to force AVID to make its microchip encryption code public. The lawsuit, which charges antitrust violations, unfair competition, illegal monopolization, as well as deceptive acts and practices, also seeks to enjoin the companies from making further false and misleading statements that will deceive pet owners. (*PRNewswire*)
- > In what is now an industry trend, **National Beef Packing Co.** has joined **Tyson Foods** and **Swift & Co.** in reducing beef production. National Beef said it would cut production by 10,000 to 15,000 head of cattle per week, as much as a quarter of its production, which averages 65,000 to 68,000 per week. Swift in October converted its second shift from initial processing to value-added processing and cut production by 15%. Although Tyson pointed a finger directly at the ban on exports of American beef by several key overseas customers, including Japan, Swift noted that "for more than one year, the US beef processing industry has suffered unseasonable losses because of the inequitable market condition caused by underpriced Canadian cattle, which are flooding the United States and other foreign markets in the form of underpriced boxed beef." (*Meating Place*)
- > **eMerge Interactive** announced it has reached an agreement for the private placement of common stock and warrants with institutional investors to raise \$4.06 million in gross proceeds. This new placement is in addition to the \$4.0 million private placement closed in December 2004. (*company press release*)
- > **Central Garden & Pet Company** announced that it has filed a universal shelf registration statement on Form S-3 with the Securities and Exchange Commission (SEC). Upon being declared effective by the SEC, the shelf registration statement permits Central Garden & Pet to sell, in one or more public offerings, shares of its common stock, shares of its preferred stock,

warrants to purchase its common stock or preferred stock, debt securities, or any combination of such securities, for proceeds in the aggregate amount of up to \$300 million. (*Business Wire*)

AVMA-Pfizer Business Practice Study results announced

Results of the AVMA-Pfizer Business Practices Study were announced at the North American Veterinary Conference this week by the president of the American Veterinary Medical Association (AVMA) and Pfizer Animal Health.

The first comprehensive survey of business practices among companion animal, food animal, equine and mixed animal veterinarians demonstrates that financial success in all types of veterinary practices is built on three basic ingredients: client relations, employee management, and business/financial management.

Commissioned by the AVMA and sponsored by Pfizer Animal Health, the study was conducted by Brakke Consulting, Inc. and involved responses from more than 2,500 practicing veterinarians, both owners and associates. The Executive Summary is published in the January 15, 2005 issue of the Journal of the American Veterinary Medical Association (JAVMA).

ANIMAL HEALTH NEWS

> CANADA - BSE The Canadian Food Inspection Agency today announced that Canada's national surveillance program has detected BSE in an Alberta beef cow just under seven years of age. As part of its surveillance program, the CFIA has control of the carcass. No part of the animal has entered the human food or animal feed systems. The infected animal was born in March 1998, and the farm of origin has been confirmed. Based on preliminary information, feed produced prior to the introduction of the 1997 feed ban in Canada remains the most likely source of infection in this animal. (*Wattnet Meatnews*)

> US - AVMA ADDRESSES ANIMAL WELFARE The American Veterinary Medical Association has designated animal welfare as one of the association's top-five strategic issues for the next one to three years. To address the issue, the AVMA plans to establish an animal-welfare division that will monitor the science of animal welfare and develop proactive strategies for the association. The executive board approved the plan, proposed by AVMA President Dr. Bonnie Beaver and will allocate up to \$346,000 for creating five staff positions in the division, at least two of which will be filled by veterinarians with a broad range of veterinary-related animal welfare expertise. (*Drovers Alert*)

> US - R-CALF FILES LAWSUIT R-CALF USA has launched a lawsuit against USDA demanding that the Canadian border remain closed. The suit asks the court to overturn USDA's final rule that allows live cattle under 30 months of age to cross the border into the US. R-CALF represents farmers and feedlot operators, mostly in the Far West. The American Meat Institute, which represents processors and manufacturers, previously filed suit demanding that USDA open the border more fully, allowing all cattle born after Canada's 1997 feed legislation, which banned ruminant byproducts in food meant for ruminants, went into effect. (*Meating Place*)

> US - FOOD CONTAMINATION DIAGNOSTICS A chemist at the USDA's Agricultural Research Services (ARS) has developed a prototype of a portable, suitcase-sized device to detect contaminants, such as tetracycline antibiotics, in meat, milk, and fish. The 11.3 kilo prototype was designed for rule-enforcers to take directly to a site for field analysis. According to ARS, the product's 'user-friendly custom software' is already completed and will run in a Microsoft Windows environment. The filter-based fluorometer uses TRL to detect trace amounts of target

chemicals by removing interference from fluorescent background signals given off by other organic substances present in a meat sample. The system requires 1-5 g of meat from which to extract the antibiotics present and concentrate them into liquid solution, say the researchers, adding that testing can be done on site and results provided on the spot. (*FoodProductionDaily*)

> CANADA - CANINE EPILEPSY GENE IDENTIFIED

Scientists have identified a faulty gene that causes epilepsy in dogs. The study, reported in Science, was produced by a Canadian/UK team led from the Hospital for Sick Children (HSC) in Toronto. The researchers showed that the jerky behavior and seizures suffered by purebred miniature wirehaired dachshunds were caused by a form of epilepsy called EPM2. The finding has allowed the researchers to develop a test that could soon help owners breed out the disease. The latest development, reported in Science magazine, is an example of how the human and dog genome projects are expected to benefit both species. (*BBC*)

> US - ANIMAL LAW San Francisco passed a new "backyard dog" law that says canines are entitled to a change of water once a day, palatable and nutritious food in a non-tipping bowl, and a dog house with a top, bottom and three sides. Tying up the dog is highly discouraged. The law, passed by the Board of Supervisors, was modeled after a similar one in Los Angeles, and is aimed at owners who keep their dogs outside. The legislation was sponsored at the request of the Commission of Animal Control and Welfare. (*AP*)

**BRAKKE CONSULTING INC.
2005 INDUSTRY OVERVIEW
TO BE PRESENTED AT WVC**

Brakke Consulting will once again be presenting our annual overview of the Animal Health Industry at the 2005 Western Veterinary Conference. There will be a single presentation at the conference.

The Overview will be presented at the WVC on Tuesday, February 22 from 9:30 - 11:30 am.

Registration fees are \$325 for early registration for the first attendee from a company, and \$300 for additional attendees. Early registration ends February 9th for the WVC Overview.

To register, please visit our website at www.brakkeconsulting.com or call Jane Morgan at 972-243-4033.

BRAKKE CONSULTING VIEWPOINT

We want to congratulate the North American Veterinary Conference on another excellent meeting in Orlando. This meeting provides the industry with a kick-off event each year. If you did not attend, you missed a great meeting. While we did not note many truly unique new products at the exhibit hall, we did observe some excellent new marketing presentations in all product categories.

We found the attitude of those participating in the industry to be very positive for 2005. We continue to believe that 2005 will be another growth year for animal health. While there are a few dark clouds on the horizon, there are many more that are positive.

Have a great weekend.

Ron Brakke

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