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**Brakke Consulting's  
Animal Health News & Notes for January 23, 2004**  
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**COMPANY EARNINGS RELEASES**

> **Pfizer** announced results for its Animal Health division for the 4th quarter and year-end 2003. Year-end revenues were \$1,598 million, a 43% increase over 2002, which reflects the 2003 acquisition of Pharmacia. Fourth-quarter revenues were \$508 million, an increase of 57%. Fourth quarter results reflect the addition of the Pharmacia product portfolio, and were driven by strong performances by the companion animal products Rimadyl, Revolution and Clavamox/Synulox, and cattle biologicals, and by favorable currency exchange rates. (*company website*) [top](#)

> **Novartis** reported results for its Animal Health division for the 4th quarter and year-end 2003. Full-year sales of \$682 million, an increase of 9% compared to 2002, were driven by

double-digit growth in the companion animal franchise, which together with the contribution of the innovative farm fly control product Agita, more than offset the impact of unfavorable conditions in the therapeutic anti-infective business. Fourth-quarter sales were \$180 million, an increase of 18% compared to the fourth quarter of 2002. The division gained a fourth quarter lift from the parasiticide franchise and particularly Deramaxx, the newly launched arthritis treatment for dogs which achieved strong segment share gains. (*company press release*) [top](#)

> Wyeth announced fourth quarter and year-end 2003 results for its animal health division **Fort Dodge Animal Health**. Revenues for the fourth quarter were \$188 million, an 11% increase compared to the fourth quarter of 2002. Revenues for the full year were \$793 million, a 21% increase compared to 2002. The increased revenues were due primarily to higher US sales of ProHeart 6 compared with similar periods in the prior year, which were impacted by significant ProHeart 6 product returns. The full year results were also positively impacted by US sales of the company's West Nile Innovator equine vaccine. (*company website*) [top](#)

> **Virbac SA** reported preliminary results for the year 2003. Revenues for the group were 354 million euros (\$445 million), a decline of 4% compared to 2002. Excluding the impact of exchange rates, revenues increased 2.4%. Group revenues excluding the USA (Virbac Corp.) were 298 million euros, (\$375 million), a decrease of 1%. Revenues for **Virbac Corp.** decreased 16% compared to 2002. The significant decrease in the contribution of the US subsidiary is the result of (1) depreciation of the US dollar against the euro; (2) a cautious promotional policy at year-end; and (3) adoption in 2003 of different sales recognition accounting practices as a result of the recent inquiry by Virbac Corp's audit committee. Due to differences between US and French generally accepted accounting principles, the preliminary results attributable to Virbac Corp. will differ from those to be released separately by Virbac Corp. (*Business Wire*) [top](#)

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## COMPANY NEWS RELEASES

> **Luitpold Pharmaceuticals** and **Novartis** announced an agreement giving Novartis the right to market, sell and support Luitpold's Adequan Canine in the US. Adequan Canine has been classified by the FDA as a disease-modifying osteoarthritic drug, the only such drug in this category according to the company. (*company press release*) [top](#)

> **Merial** and **Boehringer Ingelheim Vetmedica** announced that the FDA has granted marketing approval for Metacam Injectable, a non-steroidal anti-inflammatory drug (NSAID). Coupled with Metacam Oral Suspension, approved

in 2003, the injectable provides veterinarians and their clients with a proven, effective system for the relief of pain and inflammation associated with canine osteoarthritis (OA). Metacam Injectable has been successfully used for years in Canada and Europe. The product is approved for both subcutaneous and intravenous injection. (*company press release*) [top](#)

> **Abbott Laboratories** submitted a Veterinary Biological Product License Application for its BSE test that is pending review by the USDA. Abbott previously submitted BSE test data to the USDA in October 2003. In addition, USDA inspected the test's manufacturing site in Ireland and Abbott's distribution center in the US. Since entering into a marketing and distribution agreement in 2001 with Ireland-based **Enfer Scientific** Ltd., Abbott has been selling the test outside the US and has exclusive rights to sell the test throughout the world except in Ireland. The Enfer BSE test has been approved for cattle testing by the European Union and Japan. The only BSE test currently approved by the USDA is an immunohistochemistry test, which takes several days to receive the results. The rapid Enfer BSE test is designed to generate results within hours. (*Meating Place*) [top](#)

> **Heska Corp.** announced the introduction of the Heska CBC-Diff Veterinary Hematology System. The new CBC-Diff System delivers reliable results in less than a minute in a cost-effective manner. It also features True-20 Sampling, the ability to achieve accurate results with only a 20-microliter blood draw. (*company press release*) [top](#)

> **Intervet** and **PharmaGap** Inc. announced the signing of a collaborative research agreement to design and develop a compound screening assay to select drug candidates for farm and companion animals and other applications, based on PharmaGap's proprietary cell-based assay platforms. Intervet will retain exclusive worldwide rights to use PharmaGap's assay technology to screen compounds for animal markets. As part of the agreement, Intervet will give PharmaGap an upfront payment and a later milestone payment. Details were not disclosed. (*Feedstuffs*) [top](#)

> **Virbac Corp.** received notice from the NASDAQ Stock Market that a NASDAQ Listing Qualifications Panel has determined to delist the Company's common stock from the NASDAQ Stock Market effective at the opening on January 23, 2004. The Company was subject to delisting for failure to comply with Marketplace Rule 4310(c)(14) due to its failure to file its quarterly report on Form 10-Q for the period ended September 30, 2003. Although the Company intends to appeal the determination to the NASDAQ Listing and Hearing Review Council, the appeal will not stay the delisting. Because the Company is not current in its periodic reports, its common stock also will not be immediately

eligible to trade on the OTC Bulletin Board. (*Business Wire*)  
[top](#)

> **Farnam** Horse Products announced a new broad spectrum dewormer for horses. ComboCare, which combines moxidectin with praziquantel, kills ascarids, tapeworms, small strongyles including the encysted stages, and bots. (*company press release*) [top](#)

> **PetMed Express**, Inc. announced that its application to list its common stock on the NASDAQ National Market has been approved, and they anticipate trading on the National Market beginning on Friday, January 23, 2004 under the symbol "PETS". Prior to the upcoming move to the NASDAQ National Market, PetMed Express shares were traded on the over-the-counter bulletin board. (*Business Wire*) [top](#)

> **eMerge Interactive** announced that it has reached an agreement for the private placement of common stock and warrants with institutional investors to raise \$7 million in proceeds. The proceeds, together with accelerated lease payments from the Excel Corp., will provide the company with over \$10 million in working capital. (*company press release*) [top](#)

> **Plumrose USA**, one of the largest producers of premium sliced meats and delicatessen hams in the US, has adopted Genevision, a new food pathogen detection system, in its Booneville, Mississippi facility. Using advanced DNA detection technology, Genevision rapidly and easily determines the safety of a given food sample in less than 24 hours, a significant improvement over traditional microbiology tests that require five to seven days. This reduced time to results will enhance Plumrose's quality control systems by enabling the company to test more often in the production process. Genevision has been developed by Warnex Inc., a company specializing in Quality Control. (*Wattnet Meatnews*) [top](#)

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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 Monday, February 16 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). [top](#)

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### **ANIMAL HEALTH NEWS**

> VIETNAM Vietnam has ordered the slaughter of all chickens in the 12 regions wrestling with an avian influenza epidemic that has already been blamed for the deaths of 13 people and has triggered an Asia-wide health scare. Eighteen other regions of Vietnam have reported outbreaks of the H5N1 strain of avian influenza, but so far the government has decided against ordering a mass cull of poultry there. (*Meating Place*)

> POLAND Poland has lifted its ban on the importation of certain US beef, according to the American Meat Institute. This is the first country to rescind its beef import ban following the discovery on Dec. 23, 2003 of a BSE-infected cow in the state of Washington. More than three dozen countries have banned US beef exports since the BSE discovery. Poland imports only a small amount of US beef annually. However, its decision may encourage other countries to loosen or lift their bans. (*Wattnet Meatnews*)

> US Global Insight, Inc. announced that according to estimates from its Agriculture Group, the overall impact of the recent occurrence of BSE in a US cow will be a 10% decline in net farm income from 2003. The discovery of a BSE-infected Holstein cow in Washington state, confirmed on December 23, 2004, quickly altered earlier predictions of a flat to modest drop for 2004 for net farm income projections to the more negative forecast. The drop in net farm income predicted for 2004 is primarily due to its impact on cattle prices and beef exports. Prior to the discovery of BSE, 2004 exports were predicted to grow by 0.5% to 2.61 billion pounds. However, due to BSE, this export forecast has been cut to 0.63 billion pounds, a dramatic 75% decline from the 2003 level. It could be even worse if major markets remain closed to US beef for an extended period. (*PRNewswire*)

> US Federal agriculture officials announced they have tracked down nine more animals from a herd of Canadian cattle that included the infected Holstein, slaughtered in Washington state. The finding brings to 23 the number of cows located from the 81 head of Canadian cattle that entered the country in 2001. Also in Washington, the FDA said it has found prohibited animal tissue in feed from six Canadian animal feed companies since the mad cow discovery last month. The discovery is significant because it may help investigators trace the source of infection. *(AP)*

> US Top agriculture officials from the US, Canada and Mexico met last week to discuss BSE in North America, but failed to reach agreement on re-opening their borders to beef products and live cattle. The US has been pressing Mexico, a large market for American beef, to lift its total ban on US beef and cattle that was imposed last month after scientists diagnosed a Holstein in Washington with BSE. Canada wants both the United States, its biggest trading partner in cattle and beef, and Mexico to lift restrictions that took effect after the Canadian BSE case in May. The US for now has put off allowing Canada to ship young cattle, considered less likely to have BSE because of its long incubation period, across the border. *(AP)*

> JAPAN The Japanese government has ordered the testing for BSE of all cattle imported live into Japan from the US. Initial tests in the Hokkaido prefecture show that there are no signs of BSE in 403 cows imported from the United States that are still alive. They are among the 2,059 cows which were imported live from the US during the past 15 years. *(Wattnet Meatnews)*

> US According to United Press International, USDA officials did not test any commercial cattle for BSE through the first seven months of 2003 in Washington state. USDA records show that 35,000 animals were screened for BSE between 2001 to 2003. In addition, no animals were tested for the past two years at Vern's Moses Lake Meats, the slaughterhouse where the first-ever US case of BSE was discovered last month. According to UPI, the testing records also show a number of other gaps in the agency's national BSE surveillance system, including: (1) tests were conducted at fewer than 100 of the 700 plants known to slaughter cattle; (2) cows from the top four beef producing states, which account for nearly 70% of all cattle slaughtered each year in the US, only accounted for 11% of all the animals screened; and (3) though dairy cattle are considered the most likely to develop BSE, some of the top dairy slaughtering plants were sampled only a few times or not at all. *(Meating Place)*

> US The Center for Global Food Issues (CGFI) announced the launch of a "Mad Cow Facts" Web site, [www.mad-cow-facts.com](http://www.mad-cow-facts.com). Recent research reveals that

facts and credible information about Bovine Spongiform Encephalopathy (BSE) are not always easy to find online. Scores of organic food companies, advocacy organizations, and special interest groups are attempting to manipulate Internet search engines and news portals with misleading Web sites, press releases, sponsored links and banner advertising. Mad-Cow-Facts.com seeks to end the confusion and help consumers find credible information and commentary about BSE. (PRNewswire)

> A new peer-reviewed article suggests that banning of antibiotics in food animals may harm both human and animal health. The report, published this month in the Journal of Antimicrobial Chemotherapy, found there is little to no scientific evidence to suggest that the use of antibiotics in food animals negatively impacts human health. Surveillance data from Europe and the US shows numerous disconnects in the patterns of resistant bacteria in animals and humans, making it unlikely that there is or has been widespread transference of resistant bacteria via the food supply. In addition, while a European ban on antibiotics to promote growth has not reduced antibiotic resistance levels in humans in Europe, US data shows the incident of antibiotic resistant food borne pathogens is generally declining, as has the number of cases caused by food-borne bacteria. The independent advisory board to the US Animal Health Institute developed the report; comprised of a group of human microbiologists, risk assessors, veterinarians and animal health experts. (Drover's)

> US CBS has rejected a Super Bowl advertisement prepared by PETA. The ad asserts that meat-eating causes impotence, using two attractive women and an unlucky pizza deliveryman to make its point. "We do not accept advertising on one side or the other of controversial public issues, partly because we don't think the debate ought to be controlled by people with deep pockets," said CBS' executive vice president. PETA's spokesperson said CBS's policy is inconsistent, because she's seen ads condemning smoking and drunken driving on past Super Bowl telecasts. (Drover's Alert)

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### **BRAKKE CONSULTING VIEWPOINT**

It was great to see so many of you in Orlando earlier this week. The North American Veterinary Conference improves every year and has become a truly special trade show for the animal health industry. Dr. Colin Burrows and the NAVC staff rate an A+ for this year's meeting.

We also want to thank the more than 70 industry managers that attended our two Overview sessions. Thanks for all the positive comments on our 2004 overview. The new overview information on your customers and their

implications for your business in 2004 and beyond seemed to be of particular interest.

We look forward to seeing many of you next week at the International Poultry Expo in Atlanta, and the National Cattlemen's Beef Association meeting in Phoenix.

Have a great weekend.

*Ron Brakke*

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