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**Brakke Consulting's  
Animal Health News & Notes for October 13, 2006**  
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Editor: Lynn Fondon, DVM, MBA

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**COMPANY EARNINGS RELEASES**

> **TW Medical Veterinary Supply** reported continued strong sales performance in the third quarter. Net sales for the quarter ended September 30, 2006, totaled \$4.8 million, an increase of 19% from the same quarter last year. Year-to-date sales through quarter-end were \$13.8 million, an increase of 24% compared to the same period in 2005. (*company press release*)

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## COMPANY NEWS RELEASES

> **Intervet** will supply the UK with ten million doses of avian influenza vaccine following a successful tendering process which was announced last July. The vaccine can be used against both H5 and H7 strains of the virus. (*company website*)

> **Virbac S.A.** and **Virbac Corporation** announced that the Special Committee of Independent Directors of Virbac Corporation's Board of Directors unanimously recommended that unaffiliated holders of the outstanding shares of Virbac Corporation common stock accept the amended tender offer for the outstanding Shares of Virbac Corporation at the increased offer price of \$5.75 per Share, net to the seller in cash, and tender their Shares in the Offer. If completed, the Offer would be followed promptly by a merger of **Labogroup Holding**, a Virbac S.A. subsidiary, into Virbac Corporation. (*PRNewswire*)

> **Veterinary Products Laboratories (VPL)** introduced Duralactin Feline L-lysine; combining the benefits of four active ingredients: L-lysine, MicroLactin and Omega 6 and Omega 3 fatty acids. (*company press release*)

> **Animal Health International**, parent of **Walco International**, announced it has registered with the SEC for an initial public offering of common stock valued at up to \$155 million. The stock will be traded on the NASDAQ exchange under the symbol AHII. (*Animal Pharm*)

> **S&M Nutec** announced the launch of new Greenies dental chews, a result of research that was ongoing prior to the recent reports of Greenies becoming lodged in dogs' esophagus or intestines. The company is working to earn the Veterinary Oral Health Council seal of approval on the reformulated product. New Greenies will replace the original product over time, starting this month. (*Veterinary Practice News*)

> **Fetch, Inc.** announced the launch of **PetPlan Insurance** in the US. Petplan is an established pet insurance company in a number of countries outside the US, including Canada and the UK. (*Veterinary Practice News*)

> The Risk Management Agency of the USDA awarded **Strategic Solutions International (SSI)** a sum of \$436,000 to commercially develop their TrueTag health monitoring system for cattle. TrueTag measures an animal's internal body temperature with an electronic pill that permanently settles into the stomach after ingestion. The device is also designed to be used as an animal identification tool that is compliant with the USDA National Animal Identification System. (*Animal Pharm*)

> Good Humor and **Pedigree Brand** dog food have come together to create the first real ice cream sandwich formulated especially for dogs: the new Pedigree Ice Cream Sandwich Treats for Dogs. While Pedigree Ice Cream Sandwich Treats for Dogs are dairy-based and have a creamy texture like regular ice cream, but they are 99% lactose free. They also have added protein and there is no sugar added. (*Business Wire*)

> **Gold Kist Inc.** told its shareholders not to sell their shares to **Pilgrim's Pride Corp.** In addition, Gold Kist filed a lawsuit in federal court against Pilgrim's, alleging that terms of its recent hostile takeover attempt were in violation of antitrust laws. The key term of the bid, election of Pilgrim's officers to the Gold Kist board of directors, led to the lawsuit. Gold Kist alleges that this attempt is in violation of federal antitrust laws, specifically Section 8 of the Clayton Act. (*Meating Place*)

> **Tyson Foods, National Beef and Swift & Co.** announced they're reducing beef production due to insufficient demand. Tyson Foods has announced it is reducing beef production at its US plants for the next six to eight weeks because meat demand has been insufficient to cover what it pays for cattle. National Beef Packing Co. will reduce operations at its beef plants in Dodge City and Liberal, Kansas due to poor operating margins in the industry. Swift & Company will continue limiting production at three of its four US beef processing facilities, citing unsustainable gross margins due to high cattle prices, seasonally weak domestic boxed beef demand and limited access to key international export markets as the key reasons for the production cutback. *(Wattnet Meatnews)*

> **Maple Leaf Foods** has decided to focus on its value-added fresh and processed meats and meals businesses in the hope of significantly increasing the profitability of its Meat Products and Agribusiness operations. The reorganization will result in a single protein company, instead of six separate divisions. *(Meat&Poultry)*

> **BASF** announced it is merging the human and animal nutrition operations of its fine chemicals division. The reorganization will lead to the closure of BASF's animal nutrition facility in Offenbach in the second quarter of 2007. The facility was established in 1985 to analyze the nutritional benefits and establish dosages for vitamins, carotenoids and other additives. *(Animal Pharm)*

> **Vet-Stem, Inc.**, announced that a license agreement with the University of California has been completed which secures Vet-Stem's exclusive rights to stem cells derived from fat for veterinary use. The veterinary rights for stem cells from fat were originally shared between the University of California and Pittsburg University. A license agreement with Artec Inc, the licensee of Pittsburg University, provided Vet-Stem with the original license for use of the regenerative cells. With the addition of the license from the University of California, Vet-Stem now has exclusive rights for veterinary use. *(PRNewswire)*

> **Genetic Savings & Clone** sent letters to its customers last month informing them it will close at the end of the year because of little demand for cloned cats. The company had recently reduced the price from \$50,000 to \$32,000. The letters said the Sausalito company was not accepting new orders for clones because it was "unable to develop the technology to the point that cloning pets is commercially viable." *(AP)*

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## ANIMAL HEALTH NEWS

> **DENMARK - SCRAPIE** The Danish Veterinary and Food Administration reported the country's first case of atypical scrapie. The disease was discovered in a dead 10-year-old sheep which was tested as part of routine TSE surveillance. The animal has been destroyed, and the farm quarantined. It is not known how the sheep acquired the infection. *(Animal Pharm)*

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## BRAKKE CONSULTING VIEWPOINT

A great deal of this week's news is focused on the companion animal market. There continues to be excellent growth occurring in this segment of the animal health industry. It does appear that the cloning of special cats may have exceeded an acceptable price point. Is it just ahead of its time, or truly too expensive?

There was an announcement regarding another partnership offering pet insurance to dog and cat owners. This has been a market opportunity that many believe has a great future; however, no company to day has been able to capitalize on it in a significant way. Is now the time? Are US pet owners ready for pet insurance?

Have a great weekend!!

*Ron Brakke*

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