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**Brakke Consulting's  
Animal Health News & Notes for February 3, 2006**  
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**ANIMAL AGRICULTURAL ALLIANCE  
FIFTH ANNUAL STAKEHOLDERS SUMMIT  
MARCH 20 - 22, 2006**

The Animal Agriculture Alliance (Alliance) announced its Fifth Annual Stakeholders Summit to be held March 20-22, 2006 at the Sheraton Crystal City in Arlington, Virginia. The theme for the upcoming Summit is "Animal Welfare, Antibiotics and Activism: Leadership, Action and Solutions to Challenging Issues." The program builds off last year's success and will include prominent speakers on key topics including:

- The importance of leadership in successful animal welfare and anti-terror initiatives
- Consumers' views about animal welfare
- Advances in animal welfare
- International animal welfare standards
- Domestic regulatory initiatives
- The legal status of animals and efforts to change their status
- Ways to improve media relations

For more information, please visit the Alliance website at [www.animalagalliance.org](http://www.animalagalliance.org)

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## COMPANY EARNINGS RELEASES

> Merck reported results for the fourth quarter and full year 2005. Sales for animal health joint venture **Merial** for the fourth quarter of 2005 were \$467 million, an increase of 10% compared to the fourth quarter in the prior year. Merial's sales for the full year were \$1,987 million, an increase of 8% compared to the full year 2004. (*company website*)

> Wyeth reported financial results for the fourth quarter and full year 2005. Worldwide net revenue for Animal Health division **Fort Dodge** increased 2% for the 2005 fourth quarter to \$184 million, and 5% for the 2005 full year to \$881 million. The fourth quarter increase was due to higher sales of poultry and equine products partially offset by a decline in companion animal products. For the 2005 full year, the net revenue increase was due to higher sales of livestock, poultry and companion animal products. (*company website*)

> **Schering-Plough** reported results for the fourth quarter and full year 2005. Animal Health sales decreased 4% to \$222 million, reflecting lower sales of cattle products and an unfavorable impact from foreign exchange of 3%. Sales for the full year were \$851 million, an increase of 11% compared to 2004. (*company website*)

> **MWI Veterinary Supply**, Inc. announced financial results for its first quarter ended on December 31, 2005. Total revenues grew 26% to \$138 million for the quarter ended December 31, 2005 compared to the prior-year quarter. Net income increased 168% to \$4.4 million for the quarter ended December 31, 2005 compared to the quarter ended December 31, 2004. (*company website*)

> **Central Garden & Pet** Company announced results for its fiscal first quarter ended December 24, 2005. Net sales for the Pet Products segment were \$167 million, an increase of 6.6% compared to the first quarter of fiscal 2005. Operating income for the Pet Products segment improved \$0.5 million to \$18.6 million, which includes restructuring costs of \$0.4 million when compared to the prior year. (*company website*)

> **Spectrum Brands**, Inc. announced results for the fiscal first quarter ended January 1, 2006. In 2006, Spectrum Brands created the Global Pet segment, a new business segment for reporting purposes, comprising United Pet Group, Tetra and Jungle Labs, all of which were acquired during 2005. The Global Pet segment contributed net sales of \$132.7 million and segment profits of \$20.2 million during the first quarter. This compares to segment revenues of \$135.4 million in the first fiscal quarter of last year when adjusted for the acquisitions stated above. Excluding unfavorable currency translation, Global Pet revenues were flat compared with last year's standalone adjusted results as strong growth in companion pet sales offset a decline in aquatics. Aquatics sales comprised 69% of Global Pet sales in the first quarter. (*company website*)

> **Tyson Foods** Inc. reported sales for the first quarter of fiscal year 2006 of \$6.5 billion - no change from sales in the first quarter of fiscal 2005. Net income was \$39 million compared to \$48 million for the same period last year. The company's chicken segment generated solid results and prepared foods improved, while pork struggled and beef further deteriorated, producing significant operating losses. (*Wattnet Meatnews*)

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### **BRASSE CONSULTING, INC. EXECUTIVE AND SALES FORCE RECRUITING**

Since 1986 Brasse Consulting, Inc. has successfully assisted many clients in acquiring exceptional employees at all levels, in the many departments of animal health, pet, veterinary and specialty chemical companies. Our search consultants use their extensive industry experience

to pre-qualify candidates, allowing clients to choose from a few of the best applicants for a position. Our approach increases the efficiency and effectiveness of the Human Resources Departments of client companies. Visit our website at [www.BrakkeConsulting.com](http://www.BrakkeConsulting.com) for more information on our recruiting services or to contact one of our consultants.

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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 veterinary prescription use of firocoxib oral paste in horses for the control of pain and inflammation associated with osteoarthritis. (*AnimalNet - Federal Register*)

> **Merial** announced the launch of the IGENITY TenderGENE, a comprehensive tool for predicting tenderness potential in all breed types of cattle, including *Bos indicus*. The new IGENITY TenderGENE profile analyzes multiple DNA markers associated with both calpain and calpastatin genes – all with a proven effect on Warner-Bratzler Shear Force (WBSF), the most common method of measuring beef tenderness. (*company press release*)

> **Intervet Inc.** and **Professional Cattle Consultants (PCC)** have leveraged a partnership between their two companies in which Intervet feedlot customers are being provided access to PCC's database of feedlot procurement, production and marketing information. The service also includes an exclusive Intervet nutritional performance ratio. (*Feedstuffs*)

> **Central Garden & Pet** Company announced that their Kaytee and Super Pet brands will be joining forces under the newly created Central Garden & Pet, Bird and Small Animal Business Strategic Business Unit (SBU). The company also announced the appointment of Robert Krause to the newly created position of President of the new SBU. (*PETS International*)

> **Doskocil** Manufacturing Company, maker of Petmate Pet Products, has acquired privately held **Aspen Pet Products** from BancBoston Capital. Aspen markets a wide variety of innovative, high-quality products for pets including leashes and collars, treats and chews, toys and accessories, containment and litter management products. Aspen brands include Aspen Pet, Booda and Cider Mill. Financial terms were not disclosed. (*company press release*)

> **Dermapet** announced the launch of three new products. TrizEDTA Plus is a patented, TrizEDTA product with 0.15% Chlorhexidine Gluconate added. MalAcetic Otic AP is an apple fragranced version of the original peach fragranced MalAcetic Otic. MalAcetic HC Wet Wipes contain 25 three by five inch, impervious clothes saturated with MalAcetic HC designed for dermal use. (*company press release*)

> **Advanstar Veterinary Healthcare Communications (AVHC)** announced the launch of two new national conferences in 2006: CVC East, Baltimore, March 31-April 4; and CVC West, San Diego, October 27-30. AVHC's original event has been renamed CVC Central and will be held in Kansas City, August 26-29. (*company press release*)

> **Dow AgroSciences** LLC announced that it has received the world's first regulatory approval for a plant-made vaccine from the USDA Center for Veterinary Biologics. The vaccine is used to protect chickens against Newcastle disease. The Concert Plant-Cell-Produced System uses only the necessary parts of the disease-causing agent to stimulate immunity in a manufacturing process that is totally free of animal components. (*InsideIndianaBusiness, Feedstuffs online*)

> **Animal Profiling International (API)** announced a novel new screening tool to detect cattle persistently infected with Bovine Viral Diarrhea Virus (BVD). Polymerase Chain Reaction (PCR)

screening technology offers producers an extremely accurate, yet cost-effective method to clear persistently infected BVD animals from their herds. API's dedicated laboratory provides clients with next-business-day results. (*Business Wire*)

> According to a government report, the FDA has concluded that **Diamond Pet Foods** allowed tainted corn into its Gaston plant and failed to properly test for the naturally occurring poison aflatoxin that has been blamed for deaths and illness in dozens of dogs. The report, expected to be released this week, represents the agency's findings but does not penalize the company, according to a newspaper report. Diamond is cooperating with the investigation and it has improved its testing of incoming corn and is checking its final product before shipping. (*AnimalNet - AP*)

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## **SIGN UP NOW TO ATTEND BRAKKE CONSULTING'S 2006 INDUSTRY OVERVIEW**

### **Western Veterinary Conference - Las Vegas**

Tuesday, February 21

8:30am - 10:30am

Four Seasons hotel adjacent to the Mandalay Bay

Early registration is \$325 for the first company attendee and \$300 for additional attendees at the same presentation. To register, visit our website at [www.BrakkeConsulting.com](http://www.BrakkeConsulting.com), or call Jane Morgan at 972-243-4033 or email [jmorgan@brakkeconsulting.com](mailto:jmorgan@brakkeconsulting.com).

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### **ANIMAL HEALTH NEWS**

> **CYPRUS - AVIAN INFLUENZA** The H5N1 bird flu strain has been detected in birds in northern Cyprus, the island's first cases. The European Commission has ordered an immediate freeze on the transfer of live animals or animal products across the island's Green Line border or to the EU. A mass cull of poultry has taken place near Famagusta, eastern Cyprus, where the infected birds are believed to have originated. The World Health Organization has not confirmed the positive test results, which were carried out at a specialist laboratory in Weybridge, UK. (*BBC News*)

> **HONG KONG - AVIAN INFLUENZA** A dead myna and a chicken in Hong Kong have tested positive for H5N1 avian influenza, prompting the closure of all aviaries and bird parks there. The dead crested myna was found at a playground. The chicken was brought to Hong Kong from mainland China, but officials do not know where it was infected. (*Meating Place*)

> **EU - DIOXIN DETECTED** Germany has slaughtered pigs from five farms for testing, and hundreds of farms in Belgium and the Netherlands remained quarantined as authorities probed levels of the carcinogen dioxin in pig meat. More than 650 farms, including a handful raising chickens, have been quarantined in the Netherlands, Belgium and Germany since last week when the news first broke. (*AnimalNet - Reuters*)

> **US - BSE REPORT RELEASED** A 130-page report unveiled by USDA's Inspector General addresses improvements the agency needs to make in three key areas to safeguard the nation against BSE. The report details operations of the expanded BSE surveillance program. It also examines the Food Safety & Inspection Service management of three key programs: proper sampling of animals for BSE testing, ensuring that specified risk materials from cattle were not entering the human food supply and enforcing compliance with its regulations on advanced meat recovery systems. The report includes details on the events that led to the misdiagnosis of the second case of BSE in the U.S. It can be found at [www.usda.gov/oig](http://www.usda.gov/oig). (*Feedstuffs online*)

> US - IRRADIATION PLANT REOPENED Corbin & Co., an equity-investment and fund-management firm, acquired the license for the SureBeam electronic irradiation technology and the SureBeam plant in Sioux City, Iowa, and reopened the plant late last month as Sadex Corp. Sadex is currently irradiating feed and feed ingredients but plans to expand into food products, principally beef, pork and turkey ground meat products, in the near future. Corbin & Co. was an investor in The Titan Corp., which launched SureBeam. (*Feedstuffs*)

> US - MINNESOTA LOSES TB-FREE STATUS After evidence of bovine tuberculosis was found in five herds in Minnesota, the USDA has reclassified the state's tuberculosis status as "modified accredited advanced," the next lower classification to the "TB-free" classification it has enjoyed since 1971. Authorities say that there appear to be connections between all five herds through purchases, and believe that the infections are limited to the five herds discovered so far. A further 65 herds have been quarantined, with 40 of them released after testing for TB. (*Meating Place*)

> US - ANIMAL ID The USDA, after hearing strong opposition from the industry, has abandoned its earlier decision to allow a single private entity to manage the livestock movement database in connection with the National Animal Identification System (NAIS). The agency's NAIS coordinator told last week's meeting of R-CALF USA that there won't be a mandatory ID program by 2009, as previously announced. In addition, USDA attorneys are researching whether they have the legal authority to require producers to report livestock movement to a private entity. The USDA has maintained that the Animal Health Protection Act, which was passed as part of the 2002 farm bill, gives USDA authority to develop a national ID system. But agency lawyers have not determined whether that authority extends to requiring producers to make reports to a private entity. (*Farm and Ranch Guide*)

> US - AVIAN INFLUENZA VACCINE University of Pittsburgh researchers announced they have genetically engineered an avian flu vaccine from the critical components of the H5N1 virus that completely protected mice and chickens from infection. The vaccine contains a live virus, and is grown in cells, so it can be produced much more quickly than traditional vaccines. The study was published in the Feb 15 issue of the Journal of Virology and made available early online. (*AnimalNet*)

> US - CANINE MELANOMA VACCINE An experimental anti-cancer vaccine for dogs with melanoma has shown to be effective in some cases. Researchers at the University of Wisconsin-Madison School of Veterinary Medicine have been producing the canine vaccine since 1998. They found that about 40% of dogs with melanoma responded to the treatment. Tumors disappeared completely in about 12.5% of dogs treated with the injected vaccine. (*All Headline News*)

> UK - EQUINE LAMENESS TREATMENT The use of stem cells to repair tendon and cartilage damage in horses is gaining momentum, with a British company saying its has successfully used it in the treatment on 300 performance horses. The company behind it is **VetCell Bioscience Ltd**, set up by Britain's Royal Veterinary College in 2002. Similar success is being enjoyed by researchers at Colorado State University's Equine Orthopaedic Center. (*Horsetalk.co.nz*)

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## **BRAKKE CONSULTING VIEWPOINT**

A number of the stories this week relate to the growth and consolidation in the pet products business. New names are appearing in the veterinary channel such as Central Garden and Pet and Spectrum Brands, to name a couple. The dynamic growth the past few years in companion animal segment of the business is attracting companies that have normally been in the OTC and

consumer side of the business. We're of the opinion that these companies in a number of cases will provide new challenges to those currently serving the marketplace. They will also most likely bring modified marketing and sales strategies into the veterinary segment. It will be interesting to watch the impact they have over the next few years.

There are also several stories related to new technologies that have been approved or licensed. In particular the registration approval for a plant-made vaccine caught my eye. Is this just the first of many that have been discussed by the bio-technology companies for years? It is also interesting to note that the company developing this technology is not one of the "traditional" animal health companies. It's often companies from outside an industry that create the new technology.

Have a great weekend!! I'll see some of you later today at the NCBA.

*Ron Brakke*

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