
**Brakke Consulting's
Animal Health News & Notes for February 13, 2004**
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"Your Customers, Now and in the Future"***

**[2004 Overview at the Western Veterinary Conference
Monday, February 16 - reserve your seat now!](#)**

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COMPANY EARNINGS RELEASES

> PSF Group Holdings Inc., the parent company of pork processor **Premium Standard Farms** Inc., reported a net loss of \$0.8 million in the third quarter of fiscal 2004, compared to the net loss of (\$12.3 million) in the same period last year. Net sales for the quarter totaled \$200 million, up 30% percent from the comparable period last year. Net loss in the first nine months of fiscal 2004 was (\$1.1 million) compared with a net loss of (\$27.0 million) in the same period for last year. Sales for the first nine months of fiscal 2004 were \$549 million, compared to \$449 million last year, an increase of 22%. Sales for both periods were up due to higher product prices and an increase in volume. (*Wattnet Meatnews*) [top](#)

> **eMerge Interactive**, Inc. announced results for both the three and twelve month periods ending December 31, 2003. Revenues for the quarter increased 61% from the comparable prior year period to \$188,000. Net loss for the quarter was (\$2.6 million) compared to (\$3.8 million) in the comparable prior year period. Revenues for the year increased 61% from the comparable prior year period to \$927,000. Net loss for the full year was (\$9.7 million) compared to (\$30.6 million) in the comparable prior year period. (*company website*) [top](#)

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

MONDAY, FEBRUARY 16 at WVC [register today!](#)

- 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 9:00 am at the Western Veterinary Conference in Las Vegas. Seating is limited, so reserve your place now.

For more details or to reserve your place, please call Jane Morgan at 972-243-4033 or email jmorgan@brakkeconsulting.com, or register online at www.brakkeconsulting.com.

COMPANY NEWS RELEASES

> **Bayer** HealthCare's Animal Health Division announced its entry into the pet food market with the introduction of Healthy Life, a new line of super-premium wellness nutrition products for dogs and cats. Healthy Life is available to consumers through licensed veterinarians who participate in Healthy Life's unique distribution program. Under this program, consumers can purchase Healthy Life products from

participating veterinarians by ordering over the phone toll-free or online at www.healthylifepetfood.com. Healthy Life is delivered directly to the consumer's home FREE via FedEx the next day in a box containing four convenient, stay-fresh bags that are easy to handle and store. It costs about the same as premium foods at pet superstores. Regular deliveries can be scheduled in advance for still more convenience. Healthy Life products are currently available in California with anticipated roll out to the rest of the country. (company press release) [top](#)

> **Crucell** NV of the Netherlands and **Pfizer** announced that Crucell has granted Pfizer an exclusive license to develop and commercialize its West Nile Virus vaccine for use in horses in the US. Pfizer will pay Crucell an upfront license fee, milestone payments, annual fees and a royalty on vaccine sales. The PER.C6 vaccine is an inactivated whole virus product that has been proved to elicit an effective immune response in other species. (*DVM Newsmagazine*) [top](#)

> **Novartis** announced the addition of Vicryl Plus Antibacterial Suture to its veterinary suture line. Vicryl Plus is the first device to inhibit bacterial colonization on the suture line. The suture is coated with Irgacare MP (triclosan), which is effective against several species of *Staphylococcus*, bacteria commonly found around incision sites. (company press release) [top](#)

> **Monsanto** Co. announced that, due to a combination of factors, customers will be allocated 50% of their historic shipments of Posilac (bovine somatotropin) effective March 1. The company previously announced in December that supplies of Posilac would be reduced while necessary corrections and improvements in manufacturing were made by the company's supplier. The company added that the shortfall is expected to continue through the end of the year. Separately, Monsanto announced that the list price of Posilac will increase 9% effective March 1. According to Monsanto, the pricing decision is independent of the allocation and is the first price increase since Posilac was introduced in 1994. (*Feedstuffs*) [top](#)

> **Lallemand Animal Nutrition** has gained approval for its Levucell yeast products in China. Levucell SC is a rumen-specific strain of active dry yeast, able to enhance bacterial activity within the rumen, and to increase yield of dairy cows and beefs. Levucell SB is a monogastric-specific strain with an approved claim that it improves weight gain in swine. (company press release) [top](#)

> **Virbac Corporation** announced the introduction of Keratolux Antiseborrheic Shampoo. Virbac will promote Keratolux as "The One" shampoo that veterinarians will need for managing mild to severe keratoseborrheic disorders in

both cats and dogs. Keratolux has been shown to have the efficacy of a tar shampoo without the objectionable attributes. (*company press release*) [top](#)

> Murphy-Brown, a division of **Smithfield Foods**, will cut 35,000 sows from its breeding herd. The cuts will occur on the East Coast over the next six months. "Smaller, less efficient, company-owned farms" will be targeted, according to a Murphy-Brown statement. (*Pork Alert*) [top](#)

> A \$2 billion lawsuit filed against **Tyson Foods** by cattle ranchers accusing the company of price manipulation is in the hands of a jury. According to the lawsuit, Tyson Fresh Meats Inc. allegedly used contracts with select ranchers to depress beef cattle prices. Tyson argues that it was low demand that drove down the beef market. It has been eight years since six cattle ranchers filed a class-action lawsuit on behalf of some 30,000 producers who sold cattle to **IBP Inc.** (which Tyson purchased in late 2001) in the cash market between February 1994 and October 2002. (*Wattnet Meatnews*) [top](#)

> **PetCARE Television Network**, Inc. announced that it will begin providing new pet owner educational programming to animal shelters nationwide. Sponsored DVDs containing valuable programming designed to promote responsible pet ownership will be available for distribution to new pet adopters through animal shelters beginning on March 15, 2004. The advertising-sponsored DVDs will be given to each new pet owner at the time of adoption. (*Business Wire*) [top](#)

> UK **Smithfield Foods** completed the acquisitions of two meat companies in the United Kingdom, the **Norwich Food Company Ltd.** and **Ridpath Pek**. The newly acquired companies have been combined to form Smithfield Foods Ltd., expected to generate 2004 revenues of \$65 million. Financial terms were not disclosed. Smithfield Foods Ltd. will provide retail and food service customers in the UK with a full line of fresh meats and further processed chilled and canned meat products developed for the UK market. (*Wattnet Meatnews*) [top](#)

NORTH AMERICAN VETERINARY CONFERENCE JANUARY 17 - 21, 2004

The 21st annual North American Veterinary Conference, held in Orlando FL this past January, enjoyed nearly 15,000 attendees, including veterinarians, veterinary technicians, practice managers, exhibitors and their guests.

Veterinarians will also soon be able to go on-line to participate interactively in learning modules taken directly from the conference. These e-learning participants can even obtain continuing education credit through the conference's

latest investment, a joint venture with Intelligent Content Corporation, best known for its VetSuite product. Known as NAVC Interactive, the concept was the product of at least two years of brainstorming between NAVC board member and immediate past president Dr. Richard DeBowes, and ICC President Diego Saenz. NAVC Interactive is in the testing stages, and cost is expected to be between \$40 and \$50 per module.

ANIMAL HEALTH NEWS

> US Two cases of avian influenza have been found in Delaware, prompting the slaughter of 84,000 chickens and the quarantine of 80 farms. The disease was first found on a farm in Delaware's southern Kent County operated by an independent grower. About 80 farms in a six-mile radius of the two farms will be quarantined for at least 30 days. Chickens over 21 days old will be tested every 10 days during the quarantine. Delaware officials have said the outbreaks are not related to the virulent variety of avian influenza that is blamed for the deaths of at least 19 people in Vietnam and Thailand. The strain in the US, known as H7, nevertheless has the potential to cause severe economic damage if it spreads to the commercial broiler industry, a linchpin of the region's agricultural economy. The avian influenza cases led seven nations, including some of America's largest export customers, to ban imports from the US. (AP)

> US Avian influenza has been found at four live chicken markets in northern New Jersey, just days after outbreaks at two farms in Delaware led to the destruction of thousands of birds. New Jersey health officials stressed that the findings are not unusual for the state's live poultry markets and said the strain is not known to be harmful to humans. Officials said the strain found in New Jersey is the same one found at two farms in Delaware since last week. Neighboring states are taking additional biosecurity measures to prevent the spread of the disease. (AP)

> The World Bank reported that it was prepared to give Vietnam a \$10 million loan to help aid in the recovery of a poultry industry ravaged by bird flu. More than 34 million of Vietnam's 250 million poultry stock have already died or were destroyed in an effort to keep the epidemic from spreading further. The World Bank assistance will not go toward direct compensation of farmers who have had to kill off their flocks. Instead, the money will be used to rehabilitate the sector, via loans for farmers to buy new chickens or government grants. The money will also be used to strengthen the national veterinary system so Vietnam would be better prepared for the next disease outbreak. (AP)

> The U.N. Food and Agriculture Organization (FAO) warned that avian influenza still has not been controlled in several Asian countries. To date, around 80 million chickens have been culled to battle the disease, not including China (Indonesia 15 million, Thailand 30 million, Vietnam 30 million, Pakistan 4 million). Veterinarians from more than 20 countries will meet February 26 to 28 in Bangkok to discuss the economic impact of the avian flu crisis, strategies to control the disease, including emergency measures, and how to restore poultry industries and improve regional cooperation. Hosted by the Thai Ministry of Agriculture and Cooperatives, the meeting is jointly organized by FAO and OIE (World Organization for Animal Health), with support from WHO (World Health Organization). (*PRNewswire*)

> The European Commission announced that it will provide 1 million euros to support Vietnam's efforts to combat the avian influenza crisis in the country. The funds will be used to purchase urgently needed protective equipment for veterinarians and farmers who handle infected poultry, as well as laboratory and hospital equipment. The EC contribution comes as a response to calls for international assistance from the WHO, FAO and OIE. (*AnimalNet - EC press release*)

> US The USDA is ending its search for additional cases of BSE even though officials have not found several animals suspected of having eaten the potentially infectious feed believed to have caused the only known US case. The closure leaves officials not knowing what happened to 11 head of cattle among 25 that authorities say were most likely to have eaten the same feed as that given to a Holstein diagnosed in Washington state with BSE after it was slaughtered on Dec. 9. (*AP*)

**Animal Agriculture Alliance
Key Stakeholder's Summit
March 22 - 24, Arlington VA**

Animal Welfare's Importance to the Food Chain: Turning Challenges into Opportunities

The two and a half day Summit is targeted at senior management of all companies involved from "farm to fork," with the goal of providing CEO's, COO's and CFO's with the insight and information to successfully meet future challenges. Event sponsors include ADM Animal Nutrition, Brakke Consulting, Cargill Animal Nutrition, National Corn Growers Association, Rabobank, United Soybean Board and the Food Systems Group of Vance Publishing.

This year's Summit is focused specifically on animal welfare and its importance to all stakeholders in the food chain. Prominent speakers will present some of the newest, most

innovative ideas being implemented today that are creating opportunities from these challenges that could impact our entire industry. Other speakers will present new findings from 2004 public opinion polls on consumer attitudes about animal welfare and food safety, as well as an overview of the animal rights movement as compared with other social movements in the US. Additional topics include safeguarding the livestock industry, new track & trace programs, and strengthening communications with our customers, consumers and the media. Visit www.AnimalAgAlliance.org for more information.

BRASSE CONSULTING VIEWPOINT

This week's newsletter reports some the current difficulties in the producer marketplace. One of the larger pork production companies still reported a loss even though they improved significantly over prior year. We also noted some reductions or shifts in production systems for the leading producer of pork in the US.

The discovery of avian influenza in US poultry flocks caused several international countries to close their borders for US-raised poultry. This will negatively impact the export of poultry meat and add significantly to the US supply for consumption. This coupled with our international beef markets being closed because of BSE could cause significant decreases in price of animal protein at the producer level if these bans continue past the end of the first quarter. These two market situations could negatively impact the sales of health and nutrition products in the first and second half of the year. Stay tuned and alert to the resolution of these industry issues.

Have you registered one or more of your senior managers at the Animal Agriculture Alliance meeting in March? If you sell products or services into the US animal markets you should have a representative at the meeting. We look forward to seeing your company there.

Ron Brasse

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