
**Brakke Consulting's
Animal Health News & Notes for March 26, 2004**
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New Brakke Study on Pain Management Products!**
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**### NEW BRAKKE CONSULTING REPORT ###
PAIN MANAGEMENT PRODUCTS FOR DOGS AND CATS**

*******NOW AVAILABLE*******

Pain management is one of the leading topics in veterinary medicine today. While pain management products for dogs and cats represented a minor part of the pharmaceuticals market a decade ago, they now represent a substantial market segment of approximately \$175 million in the US, with potential still to be tapped.

Three new pain management products for dogs were launched in the US in the past 18 months. The new Brakke Consulting report, **Pain Management Products for Dogs and Cats**, includes information on these new market entries

and how they have performed since their introduction, as well as how their introduction has affected the market. It also addresses how attitudes toward pain management in veterinary medicine has changed in the past several years, including results from veterinarian surveys in 2001 and 2004.

The study includes information such as:

- overview of acute and chronic pain in small animals
- review of products, both veterinary and human, currently used to treat pain in dogs and cats
- estimates of US sales and prices of leading pain management products
- potential new pain management products
- review of nutritional supplements used for chronic pain, with emphasis on glucosamine products
- industry and academic initiatives to further pain management education
- survey of small animal veterinarians regarding use of pain management products

The report is available for a discounted price of **\$3,950 if ordered before April 15**, or \$4,500 after April 15. For more information, call or email Dr. Lynn Fondon at 972-243-4033 or lfondon@brakkeconsulting.com. [top](#)

COMPANY EARNINGS RELEASES

> **ConAgra Foods**, Inc. reported earnings of \$203 million for the third quarter ended Feb. 22, 2004, an increase of 26% over last year's earnings of \$161 million. Sales were \$3.6 billion, essentially equal with last year; on a comparable basis, sales were 4% ahead of last year after adjusting for \$155 million of sales from divested businesses in last year's results. (*Business Wire*) [top](#)

> **Neogen Corporation** announced that its third quarter revenues increased 29% to \$14.7 million from \$11.4 million in the prior year. For the first nine months of Neogen's 2004 fiscal year, revenues have increased 14% to \$40.2 million from \$35.2 million in FY 2003. Net income for the third quarter increased to \$1,183,000 from \$1,030,000 in the prior year's comparable quarter. Year to date, net income increased 15% to \$4,028,000. The quarter is the 44th consecutive profitable quarter from operations for the Company, and the 49th quarter of the past 53 quarters to show increased revenues. (*company website*) [top](#)

COMPANY NEWS RELEASES

> **Novartis AG** stated that a white knight bid for **Aventis SA** would make sense, but only if the French government changed its "negative attitude" toward the possible merger. Novartis said its own feasibility study had endorsed a

combination with Aventis. In a statement issued in response to a request for information from France's Financial Markets Authority, Novartis stated that "the negative attitude of the French government has influenced Novartis' consideration to a point that it will only enter into a negotiation phase if formally invited by the Aventis supervisory board and if the French government assumed a neutral position." (AP) [top](#)

> **IDEXX Laboratories** announced that it has received approval from the USDA to produce and sell the IDEXX HerdChek BSE Antigen Test Kit to USDA-approved laboratories. HerdChek, a rapid test for accurate postmortem detection of BSE, detects the presence of the abnormal proteins believed to cause BSE. The test utilizes the same Sepriion technology as the previously approved IDEXX HerdChek Chronic Wasting Disease (CWD) Antigen Test Kit. IDEXX has also submitted the test to the European Union for validation and approval. (*company website*) [top](#)

> **Merial** announced that it has teamed with the American Veterinary Medical Association (AVMA) and pet columnist Steve Dale, host of nationally-syndicated radio show "Animal Planet Radio", to give veterinarians a new resource to educate pet owners. PAWPRINTS is a four-page, quarterly newsletter veterinarians can customize to share timely information on subjects important to pet owners. PAWPRINTS addresses current pet topics in a fun and informative fashion that owners will understand and enjoy. Designed for easy access and customization by companion animal clinics nationwide, PAWPRINTS is now available electronically on Merial.com and through Merial Sales Representatives. (*company press release*) [top](#)

> **Boehringer Ingelheim Vetmedica** announced that its Breed-Back FP vaccines now guarantees all calves born into a properly vaccinated herd will be free of BVD-virus-persistent infection. The vaccines are approved to aid in the prevention of fetal BVD Type 1 and BVD Type 2 persistent infection. The guarantee includes reimbursement for a calf at fair market value if it is found to be BVD PI positive after all PI negative cows and heifers in a herd are vaccinated according to label directions with Breed-Back FP vaccines. (*Drover's Alert*) [top](#)

> **Petco Animal Supplies** Inc. announced an agreement to acquire 20 former Kids "R" Us stores from Office Depot Inc. for about \$45 million plus lease obligations. The acquired stores are concentrated in Florida and Ohio, with other locations in Illinois, Kansas, Michigan, North Carolina and New York. The stores are part of the 124 Kids "R" Us properties Office Depot agreed to purchase from Toys "R" Us Inc. early this month. The purchase will increase Petco's new store count for 2004 to about 90 locations. The transaction is expected to close this spring. (AP) [top](#)

> **Prince Agri Products** announced that it has licensed exclusive manufacturing and distribution rights for **OmniGen Research's** OmniGen-AF, a nutritional product targeted primarily at the dairy industry. OmniGen research was formed in 2002 to develop natural products that improve the health and productivity of the livestock industry. Financial terms were not disclosed. (*Feedstuffs*) [top](#)

> The federal judge presiding over an Alabama-based class action lawsuit against **Tyson Fresh Meats**. Inc. has ruled that the Alabama jury's decision to penalize Tyson \$1.28 billion in a class-action lawsuit is unjust. In February, an Alabama jury found Tyson guilty of manipulating cattle market prices by the use of forward contracts or marketing agreements. US District Court Judge Lyle Storm's ruling does not change the jury's finding that Tyson violated the law. However, the judge said, "the figure of \$1,281,690,000 clearly overstates the defendant's liability in this case." Strom can amend the total as he sees fit. Tyson has asked Strom to overturn the jury's finding that it violated the law. The judge has yet to rule on that request. (*Meating Place*) [top](#)

> **Veterinary Learning Systems** announced that plans have been finalized for the expansion of its FDA-approved distribution center. The custom-built facility will more than triple the square footage and hold four times the inventory as the current center. The new construction is slated for completion in late summer 2004. The facility will encompass the latest advances in logistics, supply chain management, and operational efficiency. Features include automated material movement, wireless networking, and paperless order picking to control the synchronous movement of materials with uncompromising accuracy to complete each personalized fulfillment package. (*company press release*) [top](#)

> **PetEdge** announced that it has established PetEdge Dealer Services Group, a new division aimed at better serving the needs of independent retailers. At the same time, qualified retailers will have access to PetEdge's new 100 page Dealer Guide, which will feature only exclusive PetEdge brands that are sold through independent retailers at the company's "Best Buy" pricing. The guide is separate from PetEdge's longstanding full-line catalog for pet care professionals. In order to purchase merchandise from the dealer guide, retailers must first complete an application process. Customers who qualify will be assigned a personal account manager in the PetEdge Dealer Services division, who can assist retailers with promotions and special pricing. (*Business Wire*) [top](#)

> **ACell**, Inc. announced that it has completed a \$6.0 million financing. Capital raised in this first round of financing will be used for general corporate purposes, including

strengthening ACell's position as the leader in regenerative medicine-based veterinary products and developing the Company's portfolio of medical products. ACell, Inc. was incorporated in June 1999 for the purpose of developing, manufacturing, and marketing products in the field of regenerative medicine. These tissue engineered products are based on naturally occurring, extracellular matrix (ECM) scaffolds. The Company's proprietary ECM technology changes the fundamental healing response by encouraging the body's own regenerative capabilities to repair tissues and restore them to natural health. (PRNewswire) [top](#)

> NETHERLANDS Together with the UK firm **Matrix MicroScience** Ltd, **Nutreco Agriculture** has developed a fast technique for measuring pathogens in the meat production chain. The method is called Pathatrix/Colortrix. Masterlab, part of Nutreco, worked closely with the Nutreco companies in the feed, poultry, and pork production chains during this development. The Pathatrix/Colortrix method enables analysis results to be made available within eight hours. The time currently required is three to five days. Nutreco Agriculture will launch the rapid analysis method for *Salmonella* this month. *Campylobacter* spp. and *Listeria* spp. will be introduced into the program over the next two years. Nutreco says the new rapid analysis method represents a significant enhancement of the existing monitoring program. (Wattnet Meatnews) [top](#)

ANIMAL HEALTH NEWS

> KOREA A new avian influenza outbreak at a South Korean chicken farm north of Seoul has led health officials to impose a new quarantine zone and cull 400,000 birds. Chickens at a farm in Yangju tested positive for the avian influenza virus, according to South Korea's ministry of agriculture and forestry. This is the first bird flu outbreak in South Korea since February 5. The country has culled more than three million poultry since the virus was initially detected in mid-December. (Meating Place)

> INDONESIA Although the spread of avian influenza has slowed in most countries, outbreaks have appeared across Indonesia, according to a United Nations agency. The virus has extended its range in southern Sumatra, while West Kalimantan recently became the latest province to be infected with the avian influenza. The disease is strongly suspected to have also spread to Lombok, Sumbawa, Flores and West Timor. Indonesia has been criticized for waiting months before it acknowledged the existence of bird flu there and for being slow to order a culling program. The official death toll of chickens in Indonesia is estimated at 6.2 million, and the number of chickens culled estimated at 2.5 million. However, the FAO estimates that a total of 15 million chickens have died or been culled. (AP)

> CANADA The Canadian Food Inspection Agency reported finding avian influenza on two more farms in the Fraser Valley east of Vancouver, bringing the total to five. All 275,000 chickens and turkeys on farms in a "hot zone" just north of the US border will be killed in efforts to halt the spread of the virus. The slaughter will bring the total to 365,000 birds lost to the disease or killed to try to keep it from spreading. All the affected bird owners are being compensated by the government. Tests have shown the strain found on the first three farms was the more rare and aggressive form of the H7 avian influenza virus. (AP)

> EU The European Union extended a ban on all US poultry imports until April 23 due to continued concerns over avian influenza. The 15-nation EU joined several other importers last month in banning live birds, eggs, fresh meat and meat products from the US following the outbreak last month in south-central Texas. Despite control measures taken by US authorities, the EU said it was unable to limit the ban to products from the affected areas. The situation will be reviewed again by EU veterinary experts March 30. (AP)

> US After soaring to record high levels just five months ago, cattle feeding profits have plummeted to negative territory and appear likely to remain below breakeven levels through the spring, according to a Kansas State University agricultural economist. "The average November (2003) steer closeout returned about \$383 per head, which were historically high levels," said Rodney Jones, production specialist with K-State Research and Extension. Net returns to cattle feeders in December slipped to an average of \$186 per head. "Cattle marketed prior to the BSE incident returned more than that average, and those cattle marketed the week after Christmas returned significantly less than that—close to zero profits," Jones said. Breakeven levels on cattle sold in January and February were about \$80 and \$85 per cwt, respectively. With Western Kansas slaughter cattle prices during those months at around \$78.50, cattle feeders saw modest losses in January and losses of \$75 to \$100 per head in February, Jones said. "For the remainder of the spring, breakeven prices will be in the very high \$70s to the low \$80s, resulting in negative returns unless prices rebound to levels higher than current forecasts." (*Meating Place*)

> CANADA The feed that infected two North American cows with BSE probably came from two mills in Canada, officials there say. But they may never know for sure that the feed caused the infection. The mills used meat and bone meal that may have contained infectious protein from cattle imported from Britain, according to an official of a BSE working group in the Canadian Food Inspection Agency. He said Canadian privacy law prohibits disclosing the identity of the mills. Both of the infected cows in North America were

born in Alberta in 1997, just before Canada and the US implemented a ban on feeding to grazing animals any meal that contained cattle protein. *(AP)*

> US Two US Congressional Representatives introduced legislation to reinstate the mandatory COOL deadline for fresh produce and meat products. This legislation would end the delay provision included in the omnibus appropriations bill that passed last month. The legislation would repeal the current delay in implementation, restoring the September 30, 2004 date set forth in the Farm Bill of 2002 for COOL to be enacted into law. *(Wattnet Meatnews)*

> AUSTRALIA Queensland will join other Australian states and introduce compulsory electronic tagging of cattle to help prevent BSE as well as foot and mouth disease, according to the Australian Associated Press. Other states in Australia have already started to introduce the National Livestock Identification Scheme (NLIS). Starting July 1, 2005, the system will be mandatory in Queensland, which produces half of Australia's beef cattle. NLIS uses ear tags that operate with radio frequency, creating a national database of cattle movements and ensuring the integrity of the national herd. *(Meating Place)*

> US Beginning in 2005, the American Pet Products Manufacturers Association (**APPMA**) and the Pet Industry Distributors Association (**PIDA**) will merge their trade shows into the largest annual pet industry trade show in the world, according to the organizers. The Global Pet Expo will debut March 13-15, 2005, at the Orange County Convention Center in Orlando, Florida. By combining the best elements of The APPMA Show and PIDA's Pet Exposition and Trade Show (PETS), the two organizations will work together to produce one major industry event. *(Pets International)*

> CANADA The University of Saskatchewan's Vaccine and Infectious Disease Organization (VIDO) announced plans for a new C\$62 million International Vaccine Center (INTERVAC). INTERVAC, which will be located near VIDO on the U. of Saskatchewan campus, is scheduled to be completed in 2008. The facility will be dedicated to protecting human and animal health from the threat of emerging diseases. *(AnimalNet - VIDO press release)*

> US About three dozen beef producers in Missouri have created a co-op that aims to turn 1,000 cattle a year into canned beef. Eventually, the co-op hopes to handle as much as 10 times that. A specially built plant has begun production, and canned beef has hit the shelves in some Missouri stores, mostly in tiny towns. To the investors from five Missouri counties, consumers get precooked beef on the go, perfect for outdoor enthusiasts from hikers to hunters and anglers to campers. Given its shelf life of two to five years, the farmers say, the canned beef can be left in tackle

boxes or storm shelters. In return, participating farmers get a consistent market for their beef while satisfying pent-up demand for the kind of commodity that was commonplace decades ago, before refrigeration. *(AP)*

> CANADA The Canadian government has agreed to \$995 million aid package for cattlemen and farmers hit by the various ongoing beef import bans caused by the diagnosis last May of a cow in Alberta infected with BSE. The funding will also help producers transition to new business risk management programming. The Transitional Industry Support Program will provide a total of \$680 million to cattle producers who have faced a prolonged closure of the Canada-US border. The funding will be delivered as a direct payment of up to \$80 per eligible bovine animal on inventory as of Dec. 31, 2003. The program will also provide \$250 million to producers of all eligible commodities, including the cattle industry, across Canada. A further \$65 million is earmarked to cover the federal government's share of the shortfall for the 2002 claim year under the Canadian Farm Income Program. *(Wattnet Meatnews)*

> US University of Illinois researchers report they have refined a process that converts swine manure to crude oil, and are cautiously optimistic the process could have commercial applications. The research also indicates some unanticipated environmental benefits from the thermochemical conversion (TCC) process. Minerals are preserved in the after treatment stream, odor is reduced and the oxygen demand of manure is reduced by 70%. TCC is a chemical process that reforms organic compounds in a heated and pressurized enclosure to produce oil and gas. The process quite different from most conventional TCC processes, according to the researchers. There is no need for the addition of a catalyst, and the process does not require pre-drying of the manure. The researchers have achieved an average of 70% conversion from swine manure volatile solids to oil. At that conversion rate, the manure excreted by one pig during the production cycle could produce up to 21 gallons of crude oil. The next step is to develop the batch process into a continuous-mode process. *(Meating Place)*

> US Researchers at Kansas State University are fine tuning a system that could lay the groundwork for a nationwide system to speedily track outbreaks of livestock diseases. It maybe be three to five years before the KSU research is available to producers, but within six to 18 months, the university is expected to field test in feed lots the high-tech system that will monitor individual animal's breathing, heart rate, temperature and other health indicators that could quickly pinpoint the source of an outbreak and raise the alarm at the first sign of illness in a herd. The KSU system uses wireless technology to monitor vital statistics, which can be accessed by a ranch hand on a

palm-held computer as the cattle approach feed and watering sites. The technology also registers a history of when the 'wired' cattle eat and drink. (*Meating Place*)

> BELARUS It was an "egg-ceptional" feat for a hen in Belarus, when it reportedly laid what its owners claim is the world's largest chicken egg. According to an Interfax news agency report cited by Deutsche Presse-Agentur, a chicken at the Krasnoarmeyskaya Poultry Factory produced the egg, which weighed in at 160 grams. A typical chicken egg weighs between 50 and 70 grams. The egg was being held in protective refrigeration at the factory's company laboratory before it's submitted to the Guinness World Records committee. The current egg weight world record is 146 grams, held for the last five years by a Cuban hen. (*Meating Place*)

AAHA Annual Meeting March 20 - 24, 2004

The 71st annual meeting of the American Animal Hospital Association concluded this week in Tampa, Florida. There were 188 exhibitors and close to 2,000 veterinarians and their staffs attending the scientific, technical and practice management sessions. Congratulations to Dr. John Albers, Executive Director, his entire team, Dr. Link Welborn, now past president and Dr. Dennis Feinberg the new president of AAHA on a great conference.

AGRIBUSINESS NEWS

> The US and Canadian divisions of **Bayer CropScience** signed agreements to purchase **Crompton Corporation's** 50% percent share of the **Gustafson** seed treatment business in the US, Canada and Mexico (NAFTA) for the purchase price of \$124 million in cash. The action would give Bayer CropScience, which already holds a 50% share of the US and Canadian Gustafson joint ventures, full ownership of Gustafson's NAFTA business, subject to customary closing conditions. The transaction is expected to close by the end of the first quarter. Gustafson manufactures and markets seed treatment products and related equipment. Gustafson sales are approximately \$130 million. (*Business Wire*) [top](#)

BRAKKE CONSULTING VIEWPOINT

How has your business been in the first quarter of 2004? Our impression is that sales have been relatively strong, even with the various disease issues in food animal. We'll have to see how much promotion and deal activity there will be this last few days to make budget.

The companion animal sector continues to lead the sales growth trends. Much of this is fueled by companies expanding their marketing and sales programs to reach the pet owner. Educational programs regarding pet health will assist greatly in growing the marketplace. The continued expansion of large and small chains providing products and services to the pet owner is more evidence in the future of this marketplace.

We've been saying since December 23rd of 2003 that there are opportunities in the cattle market related to the BSE case. The approval of two new diagnostics for use in USDA labs confirms that others agree with us. There are also several rapidly developing programs for tracking animals and meat that will hit the news in the next few weeks, months and years. Food safety will ultimately rule the day in this area.

Have a great weekend.

Ron Brakke

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