
**Brakke Consulting's
Animal Health News & Notes for April 9, 2004**
Copyright © Brakke Consulting, Inc.

**last week to order at discounted price:
New Brakke Study on Pain Management Products!**
[click here](#) for more information.

JUMP TO:

earnings news:

[Swift & Co.](#)

other news:

[Abbott Labs](#)

[Agriliance](#)

[Agronomy Co. of Canada](#)

[Aventis](#)

[Bioject](#)

[Bowwowsbest](#)

[Christensen Farms](#)

[CHS](#)

[Creekstone Farms](#)

[Embrex](#)

[Farmland Industries](#)

[Grampian](#)

[Heartland Pork](#)

[Land O'Lakes](#)

[Lextron](#)

[Maple Leaf Foods](#)

[Merial](#)

[Nanco](#)

[Novartis](#)

[Prionics](#)

[ProVet](#)

[Roche Diagnostics](#)

[Smithfield Foods](#)

[Smiths Medical PM](#)

[Surgivet](#)

[Triad Specialty Products](#)

[Tyson Foods](#) (research center)

[Tyson Foods](#) (plant closures)

[Uniq](#)

[United Country Brands](#)

[Webster Veterinary Supply](#)

**THE ROLE OF A CONSULTANT/AGENT
IN ACQUISITIONS AND DIVESTITURES**

Here are some of the services Brakke Consulting can provide to assist you in an acquisition or divestiture process:

Development and assessment of alternatives

- evaluation of buyer or seller
- assess candidates on business & cultural fit
- analyze potential transactions

Transaction execution

- support company in preparing and providing information
- assist in managing due diligence process
- assist in negotiations

Brakke Consulting will provide details related to additional services in future newsletters. Please call or e-mail one of our offices for more information on our services.

COMPANY EARNINGS RELEASES

> **Swift & Company** reported that net sales for its third quarter ended February 22, 2004, increased 11% over the previous year to \$2.25 billion. Despite the increased sales, however, the company recorded a net loss of (\$40.7 million) for the quarter, reflecting \$43 million of charges related to the direct and indirect impact of the discovery of BSE in North America during 2003. Strong performance by Swift's pork processing business helped offset the impact on the company's US based beef operations. (*PRNewswire*) [top](#)

COMPANY NEWS RELEASES

> **Aventis SA** invited merger talks with **Novartis AG**, in a bid to thwart a hostile offer from French rival Sanofi-Synthelabo SA that has government backing. In a statement last Friday, Aventis said its supervisory board had voted unanimously to "enter into negotiations with Novartis on the terms and conditions of a potential combination." (*AP*) [top](#)

> Patterson Dental Company announced it has signed a letter of intent to acquire **ProVet**, a distributor of companion animal veterinary supplies in the Midwest and Northwest. The all-cash acquisition is expected to close in April, subject to customary terms and conditions. A division of **Lextron, Inc.**, ProVet will be operated by Patterson's **Webster Veterinary Supply** unit, which was acquired in 2001. Patterson anticipates that this acquisition will contribute sales of approximately \$50 to \$60 million. Patterson believes the addition of this sales volume will make Webster the nation's second largest distributor of companion/pet veterinary supplies. (*Business Wire*) [top](#)

> **Abbott Laboratories Inc.** announced that the USDA approved its rapid test for BSE, making it the third BSE rapid test approved by USDA. The company said its Enfer BSE test is already used for testing in Japan and the UK, adding that the tests can provide results within about 3.5 hours. 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. (*Meating Place, Wattnet Meatnews*) [top](#)

> **Prionics AG** and **Roche Diagnostics** announced that the USDA approved the two Prionics BSE tests, Prionics-Check WESTERN, and Prionics-Check LIA, for use in the US' enhanced BSE surveillance program. Both tests will be distributed by Roche Diagnostics in the US. Roche Diagnostics has distributed the Prionics tests in most major world markets since February 2001.

(PRNewswire) [top](#)

> **Bioject Medical Technologies** and **Merial** announced the signing of a second license and supply agreement, wherein Bioject will provide Merial with an exclusive license for use of a modified version of the Vitaject needle-free injection system for use in companion animal veterinary medicine. The product is expected to be commercialized in 2005. Financial terms include milestone payments and royalties to Bioject. (*Feedstuffs*) [top](#)

> **Smithfield Foods** is selling its Ontario-based pork processing operation, Schneider Corp., to **Maple Leaf Foods** for approximately \$378 million. Both parties expect the deal to close in early April. Smithfield plans to use proceeds of the sale to repay the loan used to purchase Farmland Foods last fall. Adding Schneider to its mix could put Maple Leaf among the top 10 global meat processors, according to Pork Magazine (*Pork Magazine*) [top](#)

> **Tyson Foods'** main campus in Springdale, Arkansas, will soon include a new center for research development and training worth \$40 million. The 184,000 square foot Discovery Center will house Tyson's research and development team, corporate management training staff and the company's corporate marketing group. Construction is expected to begin soon and should be complete by late 2005. (*Meating Place*) [top](#)

> **Tyson Foods** Inc. reduced beef production at some of its US plants this week in reaction to tight supplies of market ready cattle, slow beef sales and reduced beef exports, according to the company. One beef plant was closed Tuesday and five were closed Monday. Other plants are operating at reduced levels. The company did not identify the affected plants. (*Drovers Alert*) [top](#)

> **Triad Specialty Products** announced the launch of Serene Feed-Through Fly Control, a non-organophosphate fly control product for horses. Serene Feed-Through Fly Control uses an insect growth regulator as its active ingredient. Formulated as a pelleted top dressing, the product passes through the horse and is deposited in the manure, where flies lay eggs and breed. Serene Feed-Through Fly Control is available to horse owners through equine veterinarians. (*company press release*) [top](#)

> **Embrex**, Inc., announced the opening of a biological manufacturing facility intended to produce its novel Inovocox *in ovo* coccidiosis vaccine upon approval from the USDA. The main manufacturing facility will house vaccine purification, sterile filling, shipping and receiving, as well as quality control laboratories. The site will also include poultry brooder houses and a building for the initial steps of the production process. (*company website*) [top](#)

> **Surgivet** announced that the company merged into its parent company BCI, Inc. (now Smiths Medical PM, Inc.). Surgivet will be doing business under the name of **Smiths Medical PM, Inc. Veterinary Division**, effective immediately. Contact information will remain unchanged. (*company communication*) [top](#)

> **Christensen Farms** has reached a definitive purchase agreement to buy the major assets of **Heartland Pork Enterprises** for an undisclosed sum. The deal will make Christensen the nation's fourth largest pork producer, behind only Smithfield Foods, Premium Standard Farms and Seaboard Farms. The transaction is subject to final shareholder approval, which is expected to be completed in the next 45 days. Christensen Farms will acquire virtually all of Heartland's assets, which includes its hog operations, a multi-million dollar feed mill built in the late 1990s, an ag construction division and a genetics company. Heartland retained ownership of two sow units in Indiana and continues to market those. Christensen will add about 50,000 sows from Heartland for a total of 144,000 sows in the Midwest. (*Meating Place*) [top](#)

> **Farmland Industries** plans to sell its 50% interest in **United Country Brands** LLC and its 25% interest in **Agronomy Co. of Canada** Ltd. to Minnesota-based farm cooperative **CHS**. Farmland agreed to sell its interest in the joint venture to its partner for \$29.9 million and the assumption of liabilities. Through United Country Brands, Farmland and CHS are part of a joint venture called **Agrilience** LLC with farm cooperative **Land O'Lakes**. Farmland's bankruptcy reorganization plan is expected to become effective May 1. (*Drovers Alert*) [top](#)

> The USDA has rebuffed **Creekstone Farms Premium Beef's** plan to test every animal at its Kansas slaughterhouse for BSE. "We are looking at what the consensus of international experts is when it comes to testing, and that consensus is that 100% testing is not justified," said a USDA spokeswoman. "That's why we feel at this time we cannot grant Creekstone's requested timeline for a decision." (*AP*) [top](#)

> **Nanco** announced that it has been selected as the dog toy and treat licensee for the American Kennel Club. The licensing program targets a full range of pet toys, treats and accessories such as leashes, collars, beds and bowls, as well as major consumer product categories such as plush, apparel, accessories, artwork, and home decor. Nanco plans to launch its initial line of AKC products this summer. (*Pet Business*) [top](#)

> **BowwowsBest.com**, an online specialty pet store, announced that after months of research, development, and testing, the site has gone live. Consumers from around the globe can now access unique supplies, jewelry, toys, bedding, and more, all in one place. (*Business Wire*) [top](#)

> UK **Uniq**, the pan-European Convenience Food Group, announced the completion of the sale of its UK poultry business to Sovereign Food Group Ltd. The sale to Sovereign, a subsidiary of the **Grampian Country Food Group**, was reportedly for £11.84m in cash. (*Wattnet Meatnews*) [top](#)

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](#)

ANIMAL HEALTH NEWS

- > CANADA The Canadian Food Inspection Agency announced that it will depopulate all commercial poultry flocks and other backyard birds in the control area established last month in British Columbia's Fraser Valley, where avian influenza has been found on 18 farms. The decision means approximately 19 million birds on about 600 commercial and small domestic farms in that area will be culled. The CFIA said while it's possible many of the birds being destroyed are not infected, the measure is intended as a pre-emptive strike to control the disease. Meat from slaughtered birds that are shown by tests to be free of avian influenza will continue to be sold for human consumption. All farm owners whose birds are destroyed will be compensated. *(Meating Place)*

- > UK Scientists in the UK said they have discovered a new type of scrapie. The disease was found after a series of diagnostic tests were performed on tissues from a four year old sheep in an unnamed area in the UK, according to the report. The disease initially appeared to share characteristics with experimental BSE in sheep, but a microscopic analysis of brain material showed that the case did not resemble BSE in sheep. Experts said the disease could not be considered BSE in sheep, although it did not behave like known types of scrapie. Further tests are planned for the sample. *(Meating Place)*

- > US A quarantine and other restrictions placed on Delmarva Peninsula (Delaware, Maryland, Virginia) poultry farmers are no longer in effect. Those farmers are now able to receive new baby birds and will be allowed to spread manure made from chicken litter on their fields. Since March 7, when avian influenza was discovered in a chicken house in Maryland, farmers in the region have been banned from spreading manure made from chicken litter, a practice that could spread the virus. In February, officials discovered two infected farms in Delaware, which led to the killing of thousands of birds. Until April 13, workers will continue to test flocks before they leave Delmarva farms for processing. Agriculture officials are also studying ways to prevent avian influenza in the future, which could lead to new biosecurity regulations for poultry farmers. *(Meating Place)*

- > US The FDA has warned veal farmers to stop giving calves certain hormones to promote their growth. The Director of the FDA's Center for Veterinary Medicine stated that five hormones (testosterone, trenbolone, progesterone, estradiol, and zeranol) are illegal for use in calves, and producers who use them may be prosecuted. The warning was issued because inspectors from the USDA's Food Safety and Inspection Service found hormone implants in veal calves from three separate lots at two slaughter plants in Wisconsin. The implants are approved for use in older cattle. *(AnimalNet - AP)*

- > US Seven US senators sent a letter to Agriculture Secretary Ann Veneman, urging her to withdraw a proposal that could allow live cattle shipments from Canada to the US as early as this spring. Wednesday was the last day for public comment on the proposal to reopen the border to cattle younger than 30 months of age. Cattle older than that are considered at higher risk of BSE. The senators urged the USDA to drop the proposal, which would list Canada as a country with "minimal risk" for BSE. commenting that "while USDA appears determined to significantly increase its BSE testing, we are concerned that you are not requiring Canada to meet the same high standards. *(AP)*

> US A bill introduced in the US House of Representatives would alter the definition of "downer" cattle to allow thousands more animals to be slaughtered for food each year. The bill would amend the Federal Meat Inspection Act to change the definition of a downer to exclude animals that can't stand or walk because of "fatigue, stress, obdurator nerve paralysis, obesity, or one or more fractured appendages, severed tendons or ligaments, or dislocated joints. After the discovery of a single Washington state cow infected with BSE, the USDA banned all nonambulatory cattle from the food supply. But the sponsoring congressman said the USDA's rule is overly broad and hurts producers' bottom line, adding that there is no scientific basis for banning meat from an animal with a broken leg. (*Meating Place*)

> US The Hawaii House of Representatives has drastically changed a resolution initially focused on investigating the use of growth hormones and antibiotics in chickens. The resolution had requested the state's department of health to look into possible links between the use of growth hormones and antibiotics in chickens and human obesity rates. But last week the House Committee on Health, and later the entire Hawaii House of Representatives, decided to amend the resolution, finding that there is no scientific evidence associating the use of antibiotics in chickens with obesity in humans, and that few, if any, local chicken producers use hormones or antibiotics. The report also noted that the Hawaii Food Industry Association, Hawaii Farm Bureau Federation, Pacific Poultry Co., Meat and Poultry Association of Hawaii, Hawaii Fryers Council, Hawaii Egg Producers Association and "several concerned individuals" opposed the measure. In the end, the resolution's focus was shifted entirely, asking the state health department, Hawaii Medical Association and American Cancer Society to support more reimbursement for mammography services and increased access for physicians to technology. (*Meating Place*)

> US The Iowa State Senate followed the House's lead by passing an air quality bill for all livestock facilities in the state. The House version requires a 3-year study of hydrogen sulfide, ammonia and odor around livestock operations before emissions limits are set. Under the bill, the Iowa Department of Natural Resources would be required to collect air samples from livestock operations around the state. The agency would use the results to develop new standards that would be subject to public hearing before being adopted. The proposal also prohibits state agencies from adopting pollution limits more severe than federal standards. The amended bill will go back to the House for approval. (*Pork Magazine*)

> US New Jersey's senators urged the director of the Centers for Disease Control and Prevention (CDC) to investigate a cluster of deaths among people linked to a defunct racetrack to determine if the deaths were caused by eating BSE-infected meat. The letter to the CDC follows reports of a woman's research into the deaths of nearly 20 people who worked at or frequented the Garden State Racetrack in Cherry Hill, New Jersey, between 1988 and 1992. All died of Creutzfeldt-Jakob disease, or neurological problems possibly caused by it. CJD comes in two known varieties: variant CJD, which is caused by eating infected beef, and classic CJD. In classic CJD, the source is unknown in about 85% of cases, but doctors generally believe beef is not the cause. (*AP*)

> US The newly-formed Beef Information Exchange introduced its program for individual animal tracking and traceback in response to the government's 48 hour individual animal traceability objective on January 29 at the Cattle Industry Convention and Tradeshow in Phoenix, AZ. The Beef Information Exchange (BIE) is a coalition of leading beef industry data service providers collaborating to meet the need for low-cost, national traceback while ensuring producer data confidentiality. The purpose of this effort is to create data sharing standards for the beef industry and provide a secure technical platform to facilitate information exchange throughout the beef supply chain. (*press release*)

BRAKKE CONSULTING VIEWPOINT

It seems that asset trading and redeployment is at a relatively high level, especially in the meat production area. This is probably not surprising, given the difficulty of making a profit in the business, even within the largest companies. So much for economies of scale. Trying to stay ahead of disease is also proving to be a problem, especially in the case of BSE where the science is new and the disease seems to have more forms than was commonly thought. It may not come as a surprise that the US government is the slowest to see and understand the problem. With all the talk of responding to the customer within the beef industry, how could anyone object to a producer giving our largest export customer (Japan) what it wants? The cost argument doesn't wash, because the Japanese are not averse to paying premium prices for what they want.

Have a peaceful weekend.

John Mannhaupt

*This electronic newsletter is the sole property of Brakke Consulting, Inc.
Any use of the contents herein should be approved by
and appropriately attributed to Brakke Consulting, Inc.*

For more information about Brakke Consulting's services
and syndicated studies, visit our website at
www.brakkeconsulting.com.

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

*In order to receive the HTML version instead of the text
version of this newsletter, use the link at the bottom of this
week's newsletter that states: "If you would like for us to
remove your name from the circulation list, or if you need to
change your profile or email address, please click here".
Then click on the button below your email address that
says HTML, and click "Update subscription."*