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**Brakke Consulting's  
Animal Health News & Notes for May 27, 2005**  
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**COMPANY EARNINGS RELEASES**

> Patterson Companies, Inc. reported results for the fourth quarter of fiscal 2005 ended April 30. Sales of the **Webster Veterinary Supply** unit increased 54% in the fourth quarter to \$82 million, which included contributions from the acquisitions of ProVet in late April 2004 and Milburn Distributions, Inc. in October 2004. Excluding the ProHeart 6 sales in last year's fourth quarter and the impact of the two acquisitions, Webster's sales increased approximately 12% in the fourth quarter. Webster's sales for the year ended April 30 were \$292 million. (*Business Wire*)

> **PETCO Animal Supplies**, Inc. reported financial results for the first quarter ended April 30, 2005. Net sales in the first quarter of 2005 were \$479.6 million with a comparable store net sales increase of 5.2%. Overall, net sales increased 12.6% over the first quarter of fiscal 2004. Net earnings for the first quarter increased to \$17.2 million, compared to net earnings of \$15.8 million in the prior year first quarter. Excluding debt retirement costs incurred in the 2005 first quarter, pro forma net earnings for the first quarter of 2005 increased 18.8%. (*company website*)

> **Sanderson Farms** reported a drop of almost 21% in its second-quarter earnings. Net income for the quarter ended April 30 was \$26.5 million compared with \$33.4 million during the same period a year ago. Net sales for the quarter dropped as well, to \$259.2 million from \$272.7 million during second quarter 2004. The company blamed "flat or decreased" market prices for all poultry products for the drop. (*Meating Place*)

> **Hartville Group**, Inc., an insurance company offering the Petshealth Care Plan, announced financial results for the first quarter ended March 31, 2005. For the first quarter, total premiums were \$1.5 million compared to total premiums of \$1.9 million for the three months ended March 31, 2004. Year over year, retention of premiums increased from 42% to 55%. The company reported a net loss of (\$2.1 million) for the quarter, compared to net income of \$447,424 in the same quarter last year. (*Business Wire*)

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**BRAKKE CONSULTING, INC.**  
**Brakke Veterinary Practice Management Group**

## Announces New Consultant

Brakke Veterinary Practice Management Group, a division of Brakke Consulting, Inc., is pleased to announce that Christine A. Merle, DVM, MBA, CVPM has joined the company as a Consultant. A former Chicago, Illinois practitioner, Dr. Merle has a special interest in communications, organizational behavior, and integration of marketing into private practice by focusing on staff and client education. Dr. Merle most recently served as Assistant Dean for Public Engagement at the University of Illinois College of Veterinary Medicine. An active member in several veterinary associations, she currently serves as Vice President of the Association for Veterinary Practice Management Consultants and Advisors (AVPMCA). Dr. Merle can be reached at [cmerle@brakkeconsulting.com](mailto:cmerle@brakkeconsulting.com).

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## COMPANY NEWS RELEASES

> **Schering Plough** Animal Health announced that **Nutrition Plus** will distribute the GAM VeriSource data management system manufactured by **Global Animal Management, Inc.** (GAM), a provider of animal and premises identification systems. Nutrition Plus will market VeriSource to its customers in Texas, Oklahoma, New Mexico, Colorado and Kansas. GAM, a subsidiary of Schering-Plough Animal Health Corporation, will assist in training the Nutrition Plus sales force and provide service and support to customers. *(company press release)*

> **VCA Antech, Inc.** and **Pet's Choice, Inc.** announced the signing of a definitive merger agreement. Under the agreement, VCA Antech will acquire Pet's Choice for \$60 million (less assumed debt) to be paid in cash. Pet's Choice operates 46 animal hospitals in five states with annual revenues in fiscal year ended March 27, 2005 of \$69.4 million. On completion of the merger, the combined companies will operate 365 animal hospitals in 37 states. *(company press release)*

> **Vetz Magazine**, a new lifestyle magazine aimed at bringing solid answers to the veterinary profession in practice management, HR, legal and marketing, launched its premier issue May 2005. Formerly Veterinaryindustry.com Magazine, Vetz Magazine launched with its "Practice Management" issue with a focus on lifestyle and practice. *(company press release)*

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## ANIMAL HEALTH NEWS

> **US - BEEF CHECKOFF RULED CONSTITUTIONAL** The US Supreme Court ruled that the Beef Checkoff Program is constitutional, thus allowing the program's demand-building efforts to continue. The decision overturns a ruling by the US Court of Appeals for the Eighth Circuit that found the federal Beef Promotion and Research Act in violation of the First Amendment. Cattlemen have supported a checkoff assessment since 1922. January 2005 independent research indicates that 73% of beef producers support the current \$1-per-head beef checkoff program. *(CattleNetwork)*

> **CHINA - AVIAN INFLUENZA** The Chinese government has ordered millions of farm birds vaccinated for avian influenza in part of the country where migrating geese have been found dead of the disease. 178 bar-headed geese have been found dead of disease in a nature reserve in western Qinghai province. Chinese health experts worry the migrating birds, which cross the country on routes that stretch from Siberia to New Zealand, could spread the virus to the China's vast population of domesticated ducks and geese. *(AP)*

> **CHINA - FOOT AND MOUTH DISEASE** Chinese authorities reportedly have slaughtered at least 2,000 cattle in order to halt the spread of foot-and-mouth disease, according to several

news sources. Though government officials wouldn't confirm the report, the cull reportedly occurred on dairy farms in two villages in the Yanqing district. Police have reportedly kept roads to the affected area sealed off for the last two weeks. On May 13, China advised the World Organization for Animal Health of small outbreaks of foot and mouth in the eastern cities of Tai'an and Wuxi, where 223 cattle were slaughtered, but none near Beijing in the country's north. *(Meating Place)*

> **US - MEXICO BORDER CLOSED TO CATTLE** The USDA's Animal and Plant Health Inspection Service has closed the US border to cattle from the Mexican state of Durango due to inadequacies with that state's bovine tuberculosis (TB) management program. Durango is divided into two sections for the purposes of exporting cattle to the US, with one section allowed to export and one that is not. During a review of Durango's TB management practices, APHIS found that animals from the section not allowed to export were being moved into the region that is allowed to export. This, combined with other conflicts with APHIS guidelines, led to the border closing. Durango is the third largest cattle exporting state in Mexico. *(TAHC)*

> **US - VESICULAR STOMATITIS** Texas joined New Mexico and Arizona as states with confirmed cases of vesicular stomatitis (VS) this spring. Two Travis County horses were hauled home May 10 from a trail ride in Arizona, where they apparently were exposed to the virus. The year's first VS cases were confirmed April 27 in two horses in southwest New Mexico. Since then, infection has been detected in 17 horses on 11 premises in New Mexico, Arizona, and now, Texas. *(TAHC)*

> **OIE SETS NEW BSE GUIDELINES** The world animal health organization OIE announced new guidelines on beef exports and the risk of BSE, adopting a new country code and making deboned red meat freely traded under certain conditions. OIE devised a new three-tier system to replace the current five risk categories. OIE guidelines, which come into immediate effect, are non-binding on its 167 members, but are often used by the World Trade Organisation (WTO) for settling cross border trading disputes involving animal health issues. The OIE added the new categories would put more emphasis on the relative safety of beef exports rather than purely the number of BSE cases a country had registered. The three country categories would be known as "negligible risk", "controlled risk" and "undetermined risk." The first category is for countries with no BSE history and the second for those that have had or may have had cases. Both require risk assessments and strict surveillance. Extra controls would be imposed on second category countries. All other countries, with no risk or surveillance measures, would be in a third category with limited trading possibilities. *(AnimalNet - Reuters)*

> **US - COOL FUNDING DELAYED** A US House of Representatives subcommittee has decided mandatory COOL for meat, set to be implemented by October 2006, should be put on hold. The committee passed a measure to keep the Agriculture Secretary from spending any money in the next Fiscal Year (2006) to put the law into action. The proposal still has to be approved by the full House. Without the ability to fund steps to meet COOL's previous start date, the current proposal would delay implementation for another year. *(Pork Alert)*

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## **AGRIBUSINESS NEWS**

> **Bunge** North America, the North American operating arm of Bunge Limited, and Decatur Transit, Inc. have reached an agreement that allows Bunge to expand its grain merchandising ability in the southeastern US by building a barge unloading and grain storage facility at Decatur Transit's Port of Decatur in Alabama. In conjunction with the new facility, **Gold Kist** has signed a supply agreement with Bunge. Under the terms of the contract with Decatur Transit, Bunge will lease land at the Port of Decatur and build the facility, which is expected to be operational in September 2005. *(PRNewswire)*

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## **BRAKKE CONSULTING VIEWPOINT**

The short newsletter this week we assume means that many of you are already headed for the beach, mountains, or your favorite fishing hole to enjoy the US Memorial Day weekend. We hope you have a safe and enjoyable time with your friends and family. Be sure to have appropriate quantities of animal protein available for consumption. Also, you might run the family pet by the veterinary clinic on the way out of town.

Have a great weekend!

*Ron Brakke*

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