
**Brakke Consulting's
Animal Health News & Notes for June 25, 2004**
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Del Monte

other news:
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PHIS Inc.
Sumitomo
Tyson

COMPANY EARNINGS RELEASES

> **Del Monte** reported financial results for its fiscal year ended May 2, 2004. Sales for the fiscal year for the Pet Products division were \$789 million, an increase of 4% compared to the 2003 fiscal year. The company attributed the increase in sales primarily to increased sales of its Kibbles 'n Bits branded products behind improved media support and new product launches, as well as an extra week in fiscal 2004. Operating income for the Pet Products division was \$160 million, an increase of 8% compared to fiscal year 2003. (*Business Wire*)

**BRAKKE CONSULTING ANNOUNCES UPCOMING
SALES FORCE EFFECTIVENESS STUDY UPDATE**

Brakke Consulting is pleased to announce the upcoming 2004 Sales Force Effectiveness Study. The new report will provide performance ratings for the leading animal health and pet food company sales representatives, gathered from a survey of 700+ companion animal veterinary practitioners.

The 2004 report is a follow-up to the original Sales Force Effectiveness Study completed in 2002. Methodology for the new study will be consistent with the prior study to allow companies to compare results from the two studies. The 2004 study will utilize a larger survey sample than the original, and will provide regional as well as national data.

Each company that purchases the report will receive a customized report for their organization. Final reports will be issued by October 1, 2004. Please contact Jay Lockhart at (314) 821-3368 or jlockhart@brakkeconsulting.com for more information, and to be sure your organization is included in the study.

COMPANY NEWS RELEASES

> **Sumitomo Corporation** of America, together with its parent, Sumitomo Corporation, Japan, announced the purchase of JWC Hartz Holdings, Inc., the holding company of The **Hartz Mountain** Corporation from J.W. Childs Equity Partners II, L.P., for \$388 million. The acquisition by Sumitomo will allow Hartz the opportunity to undertake a number of new business initiatives, such as enhanced cross border sourcing and development of new markets and distribution channels in Asia and Europe. Hartz will continue to function as an independent business under the current leadership team headed by President and CEO Robert Devine. (*Business Wire*)

> **ABAXIS** announced that it will be added to the Russell 2000 Index, and consequently will be included in the Russell 3000 Index when the broad market indices are reconstituted on June 25, 2004. Annual reconstitution of the Russell indices captures the 3,000 largest US stocks as of the end of May, ranking them by total market capitalization. The largest 1,000 comprise the Russell 1000 Index while the remaining 2,000 become the Russell 2000 Index. (*company press release*)

> **Neogen Corporation** announced that it has been named to FORTUNE Small Business' list of the 100 fastest growing, publicly held small businesses in America for the third consecutive year. FORTUNE Small Business ranked Neogen 71st in the nationwide list based on its average annual growth for the past three years. Fortune calculations show Neogen had an 18.8% increase in revenue, 12.8% earnings growth, and a 24.7% increase in stock price. Neogen reported an increase in operating income of 19.5% for the same three-year period. (*company press release*)

> **Tyson Foods** has prevailed in a securities class action lawsuit that claimed the company lied about its reasons for attempting to back out of a deal to buy **IBP Inc.** A US District Judge ruled last week that former Tyson senior chairman Don Tyson and his son John, the company's present chairman and CEO, could not be held liable for allegedly false statements in a March 2001 press release stating the merger would not take place. Delaware's Court of Chancery eventually found that Tyson was not induced into the merger under false pretenses and held the company to the deal. Unless the hedge funds that brought the lawsuit on behalf of all IBP stockholders appeal, this ruling ends a legal action that could have cost Tyson millions of dollars in damages. (*Meating Place*)

> **Land O'Lakes, Inc.** announced that they have formalized their efforts to explore all strategic opportunities for the swine division. Land O'Lakes has been in the process of repositioning this business and has been evaluating several alternatives. Goldsmith Agio Helms Investment Bankers have been retained to assist in exploring strategic options, including joint ventures, partnerships or divestitures. (*PRNewswire*)

> **The Butler Company** announced it has named Kevin R. Vasquez as President & Chief Operating Officer reporting to Howard Deputy, Chairman and CEO. Vasquez, along with Executive Vice President and Chief Financial Officer Leo (Mac) McNeil, has also been appointed to Butler's Board of Directors. Vasquez, 47, most recently was Executive Vice President & Chief Operating Officer of the company and has over 25 years of experience in the animal health industry. (*company press release*)

> **Public Health Information Services (PHIS), Inc.** announced they are making their recently launched Pain Gauge available to veterinarians on a two-week, free trial basis. The Pain Gauge is a compact computerized device developed to provide an easy to use, objective tool for assessing pain and stress in animals. The Pain Gauge measures electrodermal skin conductance, which is related to stress in animals; pain is one cause of stress in animals. The Pain Gauge is equipped with customized sensors for use on a variety of species. Touching a non-fur/hair area of the body will generate a reading in one second. The device retails for \$595 and

can also be leased from the company directly. (PRNewswire)

> AUSTRALIA **Bioniche Life Sciences** announced that it has commenced sales of its Cue-Mate animal reproductive technology in Australia. Cue-Mate is a uniquely designed progesterone delivery device for cows that enables dairy farmers and cattle producers to plan and manager the reproductive timing of their herds. Bioniche acquired the technology earlier this year from Pfizer. Cue-Mate is also registered in New Zealand, Chile, and Argentina. (AnimalNet)

ANIMAL HEALTH NEWS

> US - AVIAN INFLUENZA IN TEXAS According to the Texas Animal Health Commission, a flock of 14 birds in Hopkins County in northeast Texas was infected with the H7N3 strain of avian influenza. This is the same strain of AI that infected 48,000 commercial breeding chickens in the county in mid-May. The small flock was located about 4.5 miles from the commercial operations, which had been depopulated. The small flock was immediately euthanized and incinerated. Texas Animal Health Commission veterinarians now may need to revise the AI disease surveillance plan, and additional testing of flocks in the area will be necessary to ensure disease eradication and satisfy the requirements of interstate and international trading partners. (Wattnet Meatnews)

> US - VESICULAR STOMATITIS Horses on a total of three sites in Texas and four premises in New Mexico are known to be infected with vesicular stomatitis (VS), a painful blistering disease of livestock such as horses, sheep, swine, and deer. The viral disease appears spontaneously and sporadically in the southwestern US. The VS cases this spring are the first to be confirmed in the US since 1998. (The Horse)

> US - ALTERNATIVE FUEL SOURCE In a few weeks, biodiesel fuel from about 250,000 hogs' manure will start flowing. It will be produced in a new plant near Fort Worth, Texas, built by a **Smithfield Foods** subsidiary. Biomethanol used to make the biodiesel will come from the company's plant at its Circle Four Farms in Utah. Both plants are operated by **Best Biomass** LLC. Majority owner is Smithfield and minor partners are others interested in the technologies. Retail price of the hog manure/animal fat biodiesel is expected to be competitive with conventional diesel fuel. (Pork Alert)

BRAKKE CONSULTING VIEWPOINT

We're reminded by the calendar that there are only a few days left in the second quarter of 2004. If you've not already made your targets for the second quarter, there is still time to place some excess inventory in the clients' or customers' warehouses. Most of them look forward to the quarterly discounts and you'd not want to ruin their gross margin structure this quarter. Does some of this veterinary branded inventory end up in the OTC trade?

Earlier in the newsletter, we announced our 2004 Sales Force Effectiveness Study. Thanks to all of you who have already ordered the study. It will be most interesting for purchasers to learn and observe what changes have occurred in the sales force management and training for the leading companies since our 2002 Study. If your company is not participating in the new Sales Force Effectiveness Study, you need to be.

Have a great weekend.

Ron Brakke

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