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**Brakke Consulting's  
Animal Health News & Notes for July 1, 2005**  
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**COMPANY EARNINGS RELEASES**

> **ConAgra Foods** Inc. reported results for the fiscal 2005 fourth quarter ended May 29, 2005. Fourth-quarter earnings dropped 40%, primarily due to lower profits from its packaged meats. Net income fell to \$101.9 million, from \$169.3 million for the year-ago quarter. Sales for the quarter were \$3.7 billion, down 4% versus last year; on a comparable basis, current quarter sales increased 4% after adjusting for the estimated benefit from an additional week in the fourth quarter of fiscal 2004. Fiscal 2005 sales were \$14.6 billion, 3% above last year's sales of \$14.1 billion. (*Business Wire, Meating Place*)

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**BRAKKE CONSULTING, INC.**  
**Veterinary Market Surveying**

If your firm needs help assessing the feasibility of a new product or technology, identifying the opinions and trends of product consumers, or determining the current market for products, Brakke Consulting, Inc. can build a market study to meet your needs. We have a database of small animal and equine veterinarians and the ability to custom-tailor surveys of other animal health consumers. We also produce syndicated studies in specific animal health market areas. Further information can be found at our website: [www.brakkeconsulting.com](http://www.brakkeconsulting.com) or by calling our Dallas office at 972.243.4033 and speaking with Dr. Lynn Fondon.

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**COMPANY NEWS RELEASES**

> **Takeda Pharmaceutical Co.** announced it will sell its entire stake in its animal drug joint venture in Japan with **Schering-Plough** Corp. to the US firm. The move will make the venture a wholly-owned unit of Schering-Plough. Takeda said it has a 40% stake in Takeda Schering-Plough Animal Health K.K., the joint venture Takeda and Schering-Plough's Japanese subsidiary set up in 2000. Schering-Plough Animal Health said it will take over all operations transferred from Takeda, including sales channels, and plans to increase its investment to launch more new products. Financial terms were not disclosed. (*Marketwatch*)

> **Veterinary Products Laboratories** (VPL) introduces Duralactin Feline Liquid. Duralactin Feline Liquid combines the anti-inflammatory effects of MicroLactin with the added benefits of Omega 6 and Omega 3 fatty acids. MicroLactin, the active ingredient in Duralactin, contains factors that appear to inhibit neutrophil participation in the inflammatory response and reduces the emigration of neutrophils to the site of inflammation. It is prescribed in cats for a variety of chronic inflammatory conditions. (*company press release*)

> The board of directors of **PETSMART**, Inc., has approved a program that allows the company to purchase an aggregate of up to \$270 million of its common stock between now and the end of fiscal 2006. The company also announced that during its June 25 Annual Meeting, PETSMART shareholders approved a proposal to increase the company's authorized number of shares of common stock from 250,000,000 shares to 625,000,000 shares. (*Business Wire*)

> **PETCO Animal Supplies**, Inc. announced that it received notice from The Nasdaq Stock Market that the Company has evidenced compliance with all requirements for continued listing on The Nasdaq National Market and that effective at the market open on Friday, July 1, 2005, the Company's trading symbol will be restored to "PETC". The Company had previously announced that it received notices of potential delisting due to the Company's failure to file its fiscal 2004 Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the first quarter of fiscal 2005 on a timely basis. The Company has filed the 2004 Form 10-K and the First Quarter 10-Q and is now current with respect to its required Securities and Exchange Commission filings. Accordingly, Nasdaq has determined that the hearing scheduled for June 30, 2005 is unnecessary and the hearing file has been closed. (*company website*)

> The Massachusetts Veterinary Medical Association (MVMA) has announced its affiliation with **VetCentric** as an MVMA "Preferred Provider." VetCentric is the largest full-service provider of practice-to-home veterinary pharmaceuticals and therapeutic diets in the US, serving 8,000+ veterinarians across the country. (*company press release*)

> **ADM** announced that Lewis Batchelder, ADM Senior Vice President - Agricultural Services, will assume oversight responsibilities for the ADM Animal Health & Nutrition division and ADM Alliance Nutrition, Inc. Fred Gutzmann, Vice President and General Manager - Animal Health & Nutrition, and Terry Myers, Vice President and General Manager - Alliance Nutrition, will continue in their current positions as General Managers for each group. (*PRNewswire*)

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## **ANIMAL HEALTH NEWS**

> **ASSOCIATION NAME CHANGE** - The World Wide Pet Supply Association announced it has changed its name to the World Wide Pet Industry Association, in an effort to better reflect its mission. The association represents manufacturers, distributors, breeders and livestock distributors, manufacturers' representatives and retailers. (*Pet Product News*)

> **US - BSE CONFIRMED** Tests have confirmed BSE in a 12-year-old US cow previously cleared of having the disease. It is the second case of BSE in the US. An internationally recognized laboratory in Weybridge, England, confirmed the case after US tests produced conflicting results; the initial rapid test in November had been positive, but a second IHC test was negative. Agriculture Secretary Mike Johanns said the government will use both the IHC and the Western blot tests from now on when initial screening indicates an animal may have the disease. The cow has been traced to a farm in Texas, where it lived its entire life. (*AP, Chicago Sun Times*)

> JAPAN - US TRADE Prime Minister Junichero Koizumi of Japan said that the case of the Texas-born BSE-infected cow announced last week by USDA will not affect negotiations to resume beef imports from the US. Japan's market has been closed to US beef since December 2003, when the first BSE-infected cow found on US soil was discovered. Though that animal was later proven to have been born in Canada, Japan has continued to bar US beef from its ports. Following the prime minister's comments, the vice agriculture minister said the Japanese government plans to ask the US government to provide more details about the Texas case, and will ask as well for an estimate of BSE infection in the total US beef herd. (*Wattnet Meatnews*)

> JAPAN - AVIAN INFLUENZA Japan began a cull of about 25,000 chickens poultry farm in eastern Japan amid investigations into the source of the avian influenza infection. The Ibaraki prefecture government and the agriculture ministry also ordered the farm and 16 others in the vicinity to suspend the transport of chickens and eggs. The agriculture ministry believes the infection began around April, resulting in the deaths of 804 chickens at the farm, and that the H5N2 strain of the virus had been detected. (*AnimalNet - Agence France Presse*)

> VIETNAM - AVIAN INFLUENZA VACCINATION Vietnam announced it will begin vaccinating poultry countrywide against avian flu in August. Starting Aug. 1, commercial poultry operations and smaller household farms in northern Nam Dinh province and southern Tien Giang province in the Mekong Delta will be vaccinated. Vaccinations will be slowly expanded to another 40 high-risk provinces over the next two years, he said. An initial 20 million doses of vaccines will be imported from the Netherlands and China. (*Canada.com*)

> US - CWD Two mule deer captured in New Mexico have tested positive for chronic wasting disease (CWD). The number of confirmed CWD cases in New Mexico now stands at 11 since 2002. All 11 CWD-infected deer were found in the same general area of southern New Mexico. (*TexVetMed*)

> US - BIOGAS FUEL CELL A dairy farm in Minnesota has made history by becoming the first demonstration project in the world to run a hydrogen fuel cell from the biogas captured from dairy cows. Since 1999, the farm, which has 430 cows that are milked three times per day, has utilized an anaerobic digester, which converts captured methane gas to electricity using a 150-kilowatt generator. Basically, the anaerobic manure digester produces biogas: methane, carbon dioxide, water vapor and trace gases. Once the biogas from the manure digester is cleaned, it is converted to hydrogen fuel, which produces electricity in the fuel cell. The demonstration project was a cooperative venture among the Minnesota Department of Agriculture, Haubenschild Farms, the University of Minnesota Department of Biosystems & Agricultural Engineering and the Minnesota Project. (*Feedstuffs online*)

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## **BRAKKE CONSULTING VIEWPOINT**

I have spent this past week in Brazil visiting on behalf a client. It is my first trip to Brazil and I must say that I'm very impressed. It appears that the future of the animal health and pet industry is bright in this large country. The managers of the companies I have met with are optimistic regarding the future of their market.

I was most impressed with my visit to SINDAN, the organization representing the leading companies serving the market. One of the initiatives of SINDAN is to support the government in implementing and enforcing new GMP manufacturing processes. If they are successful, this will greatly improve the quality and safety of the products that are used on animals. In the era of "WORLDWIDE FOOD SAFETY" this is a must. We encourage the management of our client companies to be supportive of this effort with both personnel and funding.

I'll be back in the US for 4th of July so I can use up last years fireworks.

Have a great weekend!

Ron Brakke

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