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**Brakke Consulting's  
Animal Health News & Notes for July 8, 2005**  
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**COMPANY NEWS RELEASES**

> **IDEXX Laboratories**, Inc. announced the launch of the new VetStat Electrolyte and Blood Gas Analyzer, an in-house blood gas analyzer modified specifically for veterinarians. This new diagnostic instrument will help practitioners analyze blood gases, ionized calcium, anion gap and electrolytes. (*company website*)

> **Hill's Pet Nutrition** Inc. announced its new Hill's Science Diet Indoor Cat formula. Nutritionally balanced for cats living predominantly inside, Indoor Cat pet food is ideal for less-active, neutered adult cats. The product is also enriched with L-carnitine to help convert fat into energy, and in addition to the nutritional balance, special natural fiber technology helps reduce the incidence of hairballs. Hill's first introduced Indoor Cat pet food in Europe with great consumer success. Hill's Science Diet Indoor Cat will be shipped to veterinary clinics and pet specialty retailers in fall 2005. (*company press release*)

> **Neogen** Corporation announced it has signed an agreement with Brussels, Belgium-based **UCB** (Euronext Brussels) to acquire UCB's dairy antibiotic testing business. Closing is expected

to take place late in the 2005 calendar year. Considerations for the acquisition include \$14.7 million in cash, and potential future performance-based compensation. (*company press release*)

> The **Butler Company** and **Burns Veterinary Supply**, Inc. announced the completion of their business combination, first announced April 18, 2005. The combined company, now called **Butler Animal Health Supply, LLC**, serves over 29,000 veterinary clinics in all 50 states and distributes over 15,000 products for more than 300 vendors. As a result of the transaction, Oak Hill Capital Partners II, L.P., the financial partner for the transaction, and the Darby Group Companies, Inc., the former shareholder of Burns, together own a controlling interest in Butler Animal Health Supply with Oak Hill and Darby owning approximately equal beneficial stakes. Management also owns a minority interest. (*company press release*)

> **VCA Antech**, Inc. announced that it completed the merger with **Pet's Choice**, Inc. on July 1, 2005. Pet's Choice was acquired for \$60.0 million (less assumed debt, excluding real estate capital leases and before other adjustments) 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. (*company press release*)

> **Lippincott Williams & Wilkins** (LWW) and **Blackwell Publishing** announced an asset transfer that will allow each publisher to enhance their product offerings and to meet the needs of core customers. LWW has acquired Blackwell's eight medical student review book series, with 123 back list and 47 front list titles. Blackwell has acquired LWW's veterinary medicine book list, which includes 85 titles covering a wide range of veterinary subjects for the clinical, student and academic markets. The list includes the best-selling Five Minute Veterinary Consult used by veterinarians worldwide as a quick, authoritative reference to address questions concerning canine and feline health. (*Business Wire*)

> **Mars** announced that a US judge has barred **Del Monte Foods** from selling soft-centered pet treats including Pounce Purr-flections and Snausages. A jury found that Mars' patent for the manufacturing process for pet treats with soft centers surrounded by hard, cereal-based shells was valid. The judge also upheld the jury's decision to award Mars \$3.6 million in damages. (*Petfood Industry*)

> Peptech Limited announced its division **Peptech Animal Health** has been granted an additional US patent increasing the intellectual property protection of its peptide-based male dog contraceptive implant Suprelorin. The product is now protected until 2020 by patents in the US, Australia, New Zealand and Europe, with additional patents pending in other countries. (*egoli.com*)

> **Animal Profiling International**, LLC, a new technology company dedicated to the improvement of animal health management, announced its launch, with an initial focus on animal risk-assessment technologies to enhance yields and financial returns in the cattle industry. The company's mission is to bring to market innovative technologies that focus on prevention of disease through the use of blood biomarkers that have been shown to detect the risk of disease. (*Business Wire*)

> CANADA **AvVaa World Health Care Products**, a skin- and healthcare products producer, announced it will soon introduce its first line of equine and pet care products. Distribution through veterinary clinics and retail outlets is planned first in Canada and later in the US. The first product to be introduced will be Dermalustre, a grooming spray. (*Veterinary Practice News*)

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**ANIMAL HEALTH NEWS**

> JAPAN - AVIAN INFLUENZA A government official in Ibaraki prefecture stated that a second case of a weaker strain of avian influenza has been discovered on a chicken farm in eastern Japan, close to where an initial instance of the virus was detected . Authorities are in the process of culling about 94,000 chicken at five farms, including the second case, after some chickens tested positive in antibody tests, which showed they had been infected in the past. (*AnimalNet - Reuters*)

> TAIWAN - US BEEF IMPORTS BANNED Taiwan announced a re-imposition of a ban on imports of US beef after the USDA confirmed a second case of BSE in a US animal. However, US beef already on the local market will not be taken off store shelves. (*Meat&Poultry*)

> INDONESIA - US BEEF IMPORTS BANNED Indonesia has re-imposed a ban on beef imports from the US where a second case of BSE has been confirmed. US beef already being shipped to Indonesia will, however, be allowed in. Indonesia imposed a ban on beef imports from the US in December 2003 after that country reported its first case of BSE. The ban was lifted in June last year and 4,000 tonnes of beef from the US had entered Indonesia since then. (*Meat&Poultry*)

> US - MICROCHIPS FOR THOROUGHBREDS The California Horse Racing Board has instructed its staff to develop a pilot program to test the use of microchips in identifying thoroughbred racehorses in the state. The Jockey Club stated it would cost \$40-\$50 per horse to implant the rice-sized chip into a neck ligament in a five-minute procedure by a veterinarian. The story explains that the chips contain a seven-digit facility location number and a 15-digit ID for each horse, and can also indicate a horse's temperature. The chips also can be used to verify the identities of horses during workouts. (*AnimalNet - AP*)

> US - NCBA SELECTS ID PROVIDER The National Cattlemen's Beef Association has chosen **BearingPoint** Inc. as the lead technology provider for its proposed national animal identification program. Other technology providers selected include **Microsoft**, **ViaTrace** and **S&H Marketing**. BearingPoint was selected both for its experience in large-scale technology solutions and its ability to focus on the identification system. NCBA expects a program to be beta tested by October and fully operational by January of 2006. NCBA's program will be totally voluntary, but it will meet USDA's goal of 48-hour traceability from any point in the production process. (*Meating Place*)

> US - ANTIBIOTIC USE The sales of antibiotics used to treat, prevent and control disease and maintain the health of animals rose 7.5% in 2004, according to a survey of members of the Animal Health Institute (AHI). In 2004, 21.7 million pounds of antibiotics were sold for use in farm and companion animals, an increase from 20.2 million pounds sold in 2002. Antibiotic production had trended down since 1999, when 24.4 million pounds were sold. The percentage of veterinary antibiotics sales reported as therapeutic was 83% in 2001, and has risen each year since, to 95% in 2004. (*The Poultry Site*)

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## **BRASSE CONSULTING VIEWPOINT**

How many times have you heard or experienced the following comments:

"We thank our dedicated employees for the efforts this past year on behalf of the company."

"Employees are our most important asset."

"Hiring, training and retention of quality employees consistently ranks as one of our greatest challenges".

"We have an entrepreneurial culture within this company that allows employees to take risks and fail".

While these comments are generally true and put into various internal and external documents by many companies, it's been our observation that these same companies at the first sign of declining sales or profits looks to the personnel area as an area where expenses can be reduced. Would it not be better to consider how these employees might generate additional revenue?

In the 19 years we've been in the consulting business we've observed a number of occasions when senior employees have been given early retirement and then immediately retained as consultants at a cost equal to or in excess of the salary prior to retirement. What is more important: the corporate profit and loss estimates for a short term period, or stable, high-quality, experienced management within your company for the long term?

Have a great weekend!

Ron Brakke

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