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**Brakke Consulting's  
Animal Health News & Notes for September 9, 2005**  
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**COMPANY EARNINGS RELEASES**

> **Cal-Maine** reported results for the year ended May 28, 2005. Net sales were \$375 million compared with net sales of \$572 million in FY 2004. The company reported a net loss of (\$10.4) million compared with net income of \$66.4 million in FY 2004. The company attributed the results to an oversupply of eggs following the decline in popularity of high-protein diets. (*Poultry Times*)

> **Honest Kitchen** Inc., a manufacturer of dehydrated raw dog foods, posted sales of \$590,000 for the first six months of 2005, an increase of 198% from the year-ago period. The company, founded in 2002, plans to launch its cat food this fall. (*Pet Product News*)

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**Brakke Consulting, Inc.  
2006 U.S. Animal Health Manufacturers, Distributors & Services Directory  
– Updating Company Information**

If your company was listed in our 2005 directory, then the president or another key person should have received their letter this week asking for current company information. Thank you to those who have already faxed them back to us.

To be included in Brakke's 2006 directory at no charge, update your listing and fax it to 972.243.0925 by October 15th. The 2006 directory will have current contact information, website addresses, general email addresses, company descriptions, and key personnel for 275 or more

companies in the animal health, pet product, and related industries. To request information on how your company can be listed or to request an order form with prices, contact Jane Morgan at 972.243.4033 or email her at [jmorgan@brakkeconsulting.com](mailto:jmorgan@brakkeconsulting.com).

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## COMPANY NEWS RELEASES

> **Merial** has filed a lawsuit against **Bayer** Healthcare to protect the image of its antiparasitic Frontline (fipronil), following a Bayer advertising campaign launched at the American Veterinary Medical Association's annual convention in Minneapolis, which took place in July. The company filed the lawsuit after Bayer claimed in the campaigning that its latest rival product, K9 Advantix (imidacloprid + permethrin), was more effective than Frontline Plus in protecting dogs from ticks. The lawsuit was filed by Merial on July 27, 2005, a week after the end of the convention. Neither company would comment on the case as it was pending. (*Animal Pharm*)

> **Bayer** Corp. reported that it is ending a five-year legal battle to market Baytril 3.23% Antibiotic Solution, a fluoroquinolone-class antibiotic used in poultry. Earlier this summer, FDA commissioner Dr. Lester Crawford ordered the drug's withdrawal. A last-ditch petition to FDA failed last Friday, when Crawford denied a stay sought by poultry veterinarians and some industry groups, including Bayer and the Animal Health Institute. With the legal proceedings now concluded, it becomes illegal to use or sell the drug after the Sept. 12 deadline FDA set to withdraw its approval of the drug. Bayer is working with its customers to implement the withdrawal and will offer refunds for existing supplies. (*Feedstuffs online*)

> Allied Capital Corporation announced that it has invested \$64.4 million in the buyout of **Healthy Pet Corp.**, a leading operator of veterinary hospitals in the eastern US. Allied Capital's investment took the form of senior secured notes and a majority of the common equity of the company. Allied Capital also provided an \$8.0 million unfunded senior credit facility at closing. Management of Healthy Pet also participated in the transaction. Catterton Partners, a leading US private equity firm focused exclusively on the consumer industry, was the majority owner of Healthy Pet prior to this announcement. (*Business Wire*)

> **The Iams Company** and ProScan announced the opening of the Iams Pet Imaging Center in Redwood City, CA, between San Francisco and San Jose. The Iams Pet Imaging Center is the first of its kind on the West Coast and will provide veterinarians and pet owners access to state-of-the-art magnetic resonance imaging (MRI) technology and expertise to help diagnose soft tissue injuries, tumors, and other conditions that previously required invasive exploratory surgery. (*Business Wire*)

> **Hill's** announced the addition of two new canine canned pet foods Science Diet line: Savory Chicken Entrée Puppy and Light Adult. Hill's also announced the addition of Science Diet Lamb Meal & Rice Recipe in three new varieties: Puppy Large Breed, Adult Small Bites and Adult Large Breed. (*company press release*)

> **S&M Nutec** announced the launch of its Feline Greenies treats. The treats come in salmon, liver, chicken and ocean fish flavors, and assorted package sizes. (*Pet Product News*)

> **International Absorbents** announced the rollout of its new Healthy Pet line of cat litter geared toward holistic and healthy lifestyle consumers. The line includes five litter products with different environmental or performance characteristics. (*Pet Product News*)

> **Fortune** magazine has named **Pilgrim's Pride** Corp. one of the 100 fastest-growing US companies in 2005. Pilgrim's is the only food company on the list, and ranked 77 out of 100. The financial magazine highlighted the company's 34% revenue increase over three years, and its

24% price-per-share increase in the year from August 2004 to August 2005. (*Wattnet Meatnews*)

> **AgInfoLink USA** announced that it has acquired the business operations and assets of **Animal Permanent Electronic Identification System** Inc. Both companies specialize in information solutions relating to cattle traceability. Company officials say the APEIS product offerings and staff will be merged with existing AgInfoLink operations, expanding the company's product offerings to better meet customer needs. (*Drovers Alert*)

> **Royal Pet Meals**, Inc. announced that it has signed a letter of intent to acquire **ThirstyPooch.com**, Inc. ThirstyPooch.com was established for the specific purpose of marketing a line of animal "taste" tested, healthy hydration products for Pets. These products, created by the addition of the flavor, vitamins and minerals to water have been designed to enhance the overall health of the animal. Financial terms were not disclosed. (*Business Wire*)

> EU The Dutch-German meat group **Vion**, which owns **Dumeco** and **Hendrix Meat Group** in the Netherlands and **Moksell** and **Nordfleisch** in Germany, has made an offer for 60% of **Suedfleisch**. Four German cooperatives own 85% of Suedfleisch, and these cooperatives are believed to be in favor of the deal. Vion is also believed to have the right to buy the other 40% of Suedfleisch in due course. The Vion Food Group is the second-largest pig slaughterer in Europe and the largest beef slaughterer. The addition of Suedfleisch to the group will add another 1.7 million pigs to the slaughter figures and more than 370,000 cattle. (*Wattnet Meatnews*)

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## ANIMAL HEALTH NEWS

> US - HURRICANE RELIEF EFFORTS FOR ANIMALS To help provide relief for the animals and veterinarians affected by Hurricane Katrina, the American Veterinary Medical Association (AVMA) Executive Board on Wednesday approved the allocation of up to \$500,000 in matching funds to solicit financial contributions for the American Veterinary Medical Foundation's (AVMF) Animal Disaster Relief and Response Fund. The focus of the new fund will be financial support of Veterinary Medical Assistance Teams (VMATs), VMAT supplies and equipment, animal care, and medical costs of animals. AVMA will implement this fund-raising matching program by sending \$100,000 to the AVMF immediately to serve as the initial challenge match. Those interested in contributing to the Animal Disaster Relief and Response Fund can send a check to the American Veterinary Medical Foundation, Department 20-1122, P.O. Box 5940, Carol Stream, IL 60197, with "Animal Disaster Relief and Response Fund" written on the check's note section. Online donations are accepted at [www.avmf.org](http://www.avmf.org). (*AAIV website*)

### > US - HURRICANE IMPACTS POULTRY INDUSTRY

Hurricane Katrina caused the deaths of millions of chickens in Mississippi, according to industry officials, and it may take the industry months to recover. **Sanderson Farms**, based in Laurel, Mississippi, estimates that 3 million broilers were killed by the storm or in its aftermath; typically, Sanderson has about 35 million broilers on hand in contract poultry farms. (*Wattnet Meatnews*)

> US - LIVESTOCK HURRICANE EVACUATION Texas' livestock health officials are working to accommodate the evacuation of livestock from Louisiana and Mississippi that were displaced due to Hurricane Katrina. The Texas Animal Health Commission (TAHC) said it will allow livestock from affected states to enter Texas without the usually required health documents, provided that the owners or shippers alert TAHC prior to crossing the state line. As part of its emergency management effort, TAHC also maintains a list of facilities, farms or stables that have volunteered to provide temporary shelter for livestock. (*Feedstuffs online*)

> US - USDA OFFERS RELIEF FUNDS Agriculture Secretary Mike Johanns announced that USDA will make \$170 million in direct assistance and low-interest loans available to ranchers and farmers affected by Hurricane Katrina. The agency will hand out \$20 million to assist producers in rebuilding fences, clearing debris and restoring conservation structures. The agency will also make available \$152 million in FSA's Emergency Loan Program funds to eligible producers who have suffered significant losses of livestock, buildings or chattel. (*Meating Place*)

> JAPAN - AVIAN INFLUENZA Japan's agriculture ministry announced plans to cull about 1.5 million chickens following an outbreak of avian influenza at poultry farms in Ibaraki and Saitama prefectures. Officials said it was a relatively weak strain of influenza and that 504,000 chickens had already been destroyed. An additional 1.024 million birds are to be killed to prevent the disease from spreading. The area of infection has 30 farms with 4.14 million hens. Officials of the Ministry of Agriculture, Forestry and Fisheries said there is a strong possibility that the infection was caused by the use of an unauthorized and defective vaccine that contained an active virus. (*The Poultry Site*)

> THAILAND - AVIAN INFLUENZA The Thai government has ordered a mass culling of chickens in two provinces after avian influenza was found in samples of native chickens. Laboratory test results had confirmed avian influenza in native chickens from the central province of Ayutthaya and the lower northern province of Kamphaeng Phet. (*The Poultry Site*)

> FINLAND - LOW-PATHOGENIC AVIAN INFLUENZA A strain of avian influenza found in northern Finland late last month is not related to the deadly H5N1 strain, health officials confirmed. Samples from three contaminated herring gulls were sent to Britain for analysis. Scientists identified the strain as a mild, low-pathogenic strain of avian influenza, which is quite commonly found in wild birds with little risk to poultry and no risk to human health. Authorities at the Finnish Agriculture Ministry said they had studied samples from more than 80 birds from various parts of Finland, but no evidence was found of the H5N1 strain of avian influenza. (*Meating Place*)

> US - PSEUDORABIES IN WILD HOGS North Carolina. State agriculture officials have notified their counterparts in the Great Smoky Mountains National Park that wild hogs captured there have tested positive for pseudorabies. While testing wild hogs has taken place for several years, this is the first appearance of the disease. Park officials have removed more than 200 wild hogs this year alone. Wild hogs have long been a source of concern to the industry and officials trying to keep the nation free of PRV. (*Pork Alert*)

> US - AVMA BACKS MICROCHIP STANDARD The American Veterinary Medical Association's House of Delegates voted to adopt a resolution that mandates the AVMA take "an active role in defining, recommending, endorsing and implementing a national standard" for pet microchipping in the US. The resolution stopped short of indicating what that standard should be, but did discuss an international transition from 125 kHz non-ISO chips to ISO chips. Most chips currently in use in the US are 125 kHz, while microchips outside the US are commonly 134kHz. (*Veterinary Practice News*)

> US - REGULATION OF CLONING COMPANY The USDA does not intend to regulate **Genetic Savings & Clone**, a pet cloning company, as a research facility under the Animal Welfare Act. The American Anti-vivisection Society had filed a legal petition requesting that the department require Genetic Savings & Clone to register as a research facility. According to its response to the petition, the USDA plans to review other pet cloning companies that might enter the market on a case-by-case basis. The department will, however, require the company to apply for an animal exhibitor license because the company has displayed its cloned kittens at veterinary conventions. (*Veterinary Practice News*)

> BSE RESEARCH A new theory, published in The Lancet medical journal, proposes that BSE may have come from feeding British cattle meal contaminated with human remains infected with

a variation of the disease. The infected cattle feed may have come from the Indian subcontinent, where bodies sometimes are thrown into the Ganges River as part of religious ceremonies. During the 1960s and 1970s, Britain imported hundreds of thousands of tons of whole bones, crushed bones and carcass parts to be used for fertilizer and animal feed. Much of that came from Bangladesh, India and Pakistan, say the article's authors. Gathering large bones and carcasses from the land and from rivers has long been an important local trade for peasants, the scientists write. Human remains are sometimes among them; some of those remains may have come from people infected with classical Creutzfeldt-Jakob disease. *(Drovers Alert)*

> US - JOHNES TEST DEVELOPED Researchers at the University of Minnesota, working with scientists at the USDA, have used genomic information to develop tests that can rapidly detect and differentiate the bacteria that causes Johnes's disease. The pathogen that causes Johnes's disease, *Mycobacterium avium* subspecies paratuberculosis, grows slowly in the laboratory and previous tests often took between six and 18 weeks to process. The new tests can be completed in 72 hours or less, detecting the pathogen in fecal matter or milk. *(Drovers Alert)*

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### **BRASSE CONSULTING VIEWPOINT**

The real news in the US this week was the various repercussions that Hurricane Katrina has placed on the US. Here in Dallas, we are now housing something in the range of 25,000-plus refugees from the Hurricane area. There have been some wonderful stories regarding the acceptance of these individuals into our community. Unfortunately, we're just beginning to see the tip of iceberg related to what needs to be done to assist these individuals in putting their lives back together.

There are likely to be a number of negative impacts on the animal health and pet markets. First, the higher energy prices will increase the cost of doing business. It will cost more to market, manufacturer and deliver products and services to the marketplace. Second, the increased energy costs could also begin to take a bite out of disposable income that may have been used on higher quality animal proteins or products for companion animals.

There has been story after story related to the impact of the storm on livestock and companion animals. It's been impressive to see how the various communities and organizations have pulled together provide support and assistance of various types. I hope that each employee in your organization is encouraged to assist those in need in some way.

Have a great weekend.

Ron Brasse

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