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GLOBAL GENETICS ALLIANCE

Cobb and Hendrix form alliance to grow business and genetic options

Cobb-Vantress and Hendrix Genetics announced the formation of an alliance on January 8 to strengthen Cobb's leading position in the broiler breeding industry and openly explore other genetic options. Cobb will acquire Hybro and take full advantage of the facilities and additional genetic lines available for product and market development.



Thijs Hendrix, president of Hendrix Genetics, and Jerry Moye, president of Cobb-Vantress, signing the agreement.

Importantly, a longer term joint development has been agreed for R&D to focus on biotechnology and breeding systems to enhance the future improvements across multiple protein markets. While Cobb has a leading position in broilers where Hybro is also active, Hendrix Genetics is a leader in the layer, turkey and swine markets with current products and

breeding programs. The agreement acknowledges the future option to investigate and create a more broadly based cooperation between the two companies to identify opportunities in the rapidly emerging global genetics business.

The initial fit for each company is complementary in focus, strategy and geography. **Jerry Moye**, president of Cobb-Vantress Inc, indicates: "An added bonus is the similarity in culture and style between the companies. Both care about the internal family culture and place significant emphasis on integrity. Couple this to an informal, down to earth mentality where a sense of fun sits comfortably with a drive for profitability." Ability for the alliance to compete against others and to grow more effectively and rapidly is a strong conviction for the partnership.

Thijs Hendrix, president of Hendrix Genetics, adds: "With this alliance we set foot on new land. Together we create a new platform with a new horizon in animal breeding and life sciences."

- Hendrix Genetics is a multi-species breeding company, based in the Netherlands, with a number of well known products including ISA, Shaver and Bovans layers, Hybrid turkeys and Hypor pigs. It is involved in more than 100 countries, with wholly-owned operations and joint ventures in 23 countries, and has some 1500 employees.

Gains in efficiency benefiting customers in high grain price era

Dr TERRY WING, senior geneticist, Cobb-Vantress Inc, reviews more than 25 years' work on improving broiler performance.

Early in 1981 efforts began to develop a method for deriving reliable individual bird performance from a large number of birds and to focus on efficiency. The hiring of a recently qualified graduate, who had completed his thesis in breeding layers for efficient egg production, was the start of the quest to design facilities and establish protocols using similar concepts and procedures.

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Gains in efficiency

Progress began on feed efficiency testing and in developing statistical procedures. Efficient growth became the selection driver and feed conversion ratio the trait of greatest importance. Feed conversion traits showed moderate to high heritabilities and so were predicted to respond to genetic selection year-on-year.

Early approval followed for a state-of-the-art test facility with controlled environment encompassing temperature, airflow, light intensity and several other factors influential on feed conversion.

This provided accurate control of the environment and enabled the birds to truly compete against each other and expose individual differences due to genetics rather than environment. An independent statistician approved the methodology.

Testing started on males, then on females in a full pedigree program, including all lines under development for improved or new Cobb products. Importation of the Cobb 500 from the UK, and full support from the new joint venture between Tyson and Upjohn, coincided with the evolution of the new testing procedure.

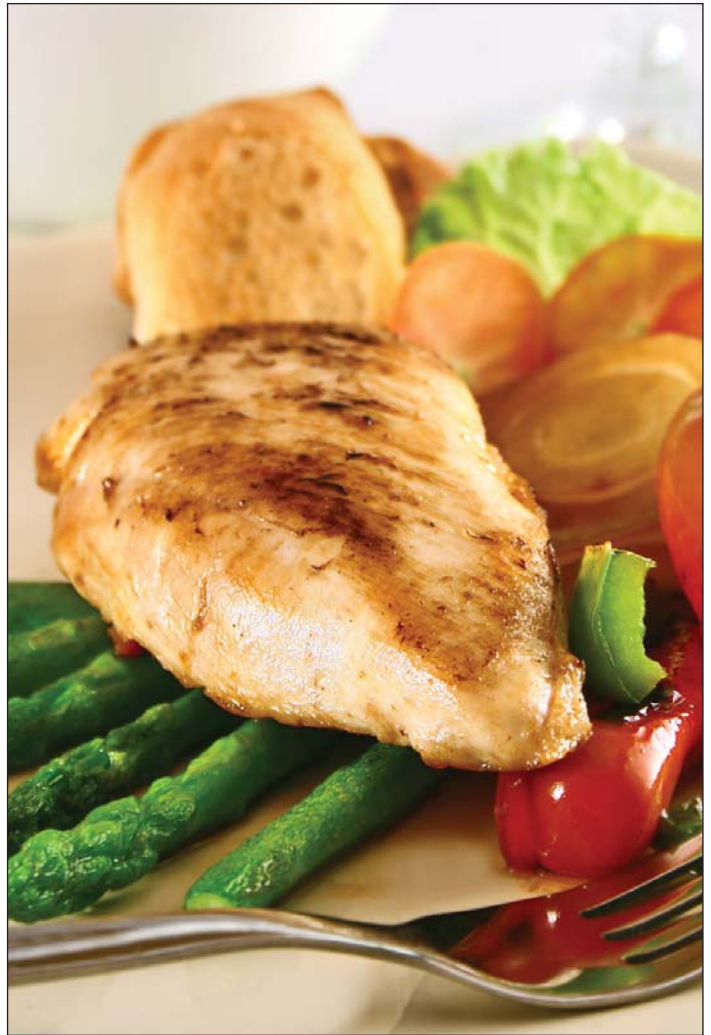
Measurable improvements were seen in the field where the reduction in feed conversion was widely reported by customers and led to the initial commitment by

Tyson to purchase one million Cobb 500 parent stock, directly as a result of the improved feed conversion demonstrated. Other companies soon started to request supply and the Cobb 500 went fully commercial in the US with the consolidation of its market presence in the early 1990's, based on recognition of the advantages in the broiler feed conversion and yield by a considerable segment of the industry.

Testing identified individual birds with exceptional feed efficiency and muscle deposition. Appetite remained relatively unchanged during the feed conversion testing period and feed conversion improved as a function of bird efficiency. The focus was on birds that did the most with the feed consumed; by holding feed intake at a constant level, along with the host of environmental factors, individual bird growth rate and yield differences were identified.

As the complete procedure was fine tuned, a balanced program highlighting a number of traits including bird health, fertility and skeletal strength, created the breed with the lowest cost per kilogram or pound of liveweight produced - a competitive advantage and valuable sustainable benefit for customers.

The testing program also paralleled the development of computer programs like BLUP (Best Linear Unbiased Predictor), enabling not only multiple traits to be monitored but also the genetic performance of full siblings,



Dr Terry Wing

half siblings, cousins, aunts, uncles, and parents to provide better predictability of performance. This enhanced the accuracy of bird selection and maximized the rate of gain from the program.

Subsequently, welfare traits have been incorporated into current methods to meet customer needs in the market. Breeding values derived from the testing allow better predictive values to be calculated with dependable improvements determined for over the next five to ten years for Cobb products.

Continued refinement of testing has not only improved selection performance, rate of progress and predictive values for future parent stock, it is also anticipated to mesh well with new technology like Marker Assisted Breeding derived from use of biotechnology methods identifying particular gene sequences. These can be related to measurable performance improvements, greatly increasing potential gains from the program.

Cobb products lead the breeding industry in achieving the most efficient and lowest cost chicken meat, the important source of protein globally for human consumption.

The significant investment in facilities associated with the ground-breaking decision to move to individual bird testing and ongoing refinement of statistical procedures have all contributed to the advantages shared by customers and the industry worldwide, especially appreciated in the current climate of continuing high grain prices.



Top flock award goes to Red Rock Breeders

South African hatching egg producer Red Rock Breeders is the latest winner of the annual breeder award presented by Cobb for the best performance in Europe, the Middle East and Africa (EMEA).

Red Rock Breeders, which is linked to the Kuipers group, supplies hatching eggs for Eagles Pride hatchery.

'Red Rock's history with Cobb goes back to the early 90s'

The owners of Red Rock Breeders, **Keith Millard** and **Arend Kuipers**, received the award from **Jonathan Cade**, sales director of Cobb Europe, and **Antony Taylor**, regional account manager, at a presentation in November.

Eagles Pride Hatchery, which produces about 1.4 million chicks per week, has become the biggest independently owned hatchery in South Africa.

The company has four hatcheries, all in the Gauteng and Northwest Provinces, supplying mostly broiler growers in the inland regions of South Africa. The head office is in Pretoria as well as three of the hatcheries while the newest hatchery is at Koster, west of Pretoria in the NW region.

The Red Rock rearing farms are controlled environment with chain feeders and reasonably good light control although not blackout. The laying houses are open sided with natural ventilation.

Pieter Oosthuysen, sales and technical manager of Cobb



Left to right: Antony Taylor - Cobb Europe, Charles le Maitre - Eagles Pride Hatchery, Arend Kuipers - Eagles Pride Hatchery, Keith Millard - Red Rock Breeders, Jonathan Millard - Red Rock Breeders and Pieter Oosthuysen - Cobb South Africa.

South Africa, writes of the company's association with Cobb:

'Red Rock has a history with Cobb that goes back to the early 90s. I remember taking **Ken George** to meet them for technical services - that was before Cobb South Africa started, they bought the breed from Rainbow. The current flock placement started about 2004 with Cobb being about 50%. Then Cobb increased to 80% and then the Group started rotating breeds between the farms to share the Cobb benefit with all hatching egg producers.

'Keith and **Jonathan Millard** attended a trip with Cobb South Africa and Cobb-Vantress to USA during 2003. During this time I got to know them very well and realized they would be successful.

Keith and Jonathan Millard are hard working, dedicated farmers. Jonathan reared the award winning flock exceptionally well, with no problems during this phase. This continued during laying production achieving world-class results. We shouldn't forget the state-of-the-art hatchery equipment and dedicated hatchery managers who work just as hard to make sure every fertile egg is hatched!

They're all always open to advice to improve performance on the farm. They regularly attend - and never miss - a Cobb presentation to keep abreast of the latest in parent stock management. Their success with fertility is due to their stockmanship, with weekly meetings to discuss the condition of the males, feed allocation and weight. Hence the 87% hatchability.



Pieter Oosthuysen with Antony Taylor.



Success built on helping customers compete with national brands

Northwest Arkansas is home to many poultry companies including George's, Peterson Farms, and Tyson Foods whose branded products are well known across the US. Another of the Arkansas poultry companies, Simmons Foods, located just down the road from Cobb-Vantress in Siloam Springs, has succeeded by following a rather different route.

Ten years ago the company decided to shift the focus from building consumer brands to concentrate on business-to-business customers, many in the food service sector as well as club stores and discounting retailers such as Aldi and Save-A-Lot.

The policy has helped the company remain one of the country's top ten privately held poultry companies.

"Simmons is not branded, so we're not biased towards selling our Company brand," says **David Rose**, vice president of marketing. "We produce a custom-developed, customer-labeled product.

"Both marketing and research and development are heavily involved in our customer partner's business. We approach a wholesale club, for instance, and request to manage their brand and help develop products to compete with the national brands. We're able to drive a project from concept to solution. By keeping the focus on the customer, we can move quickly to deliver on time and on target."

The company, which has been supplying finished products to private labels for over 50 years, was founded in 1949 by **Bill Simmons** and his partner, **Frank Pluss**.



Mr. Simmons bought out his partner in the 50's. By the 60's, Mr. Simmons had become renowned for his ingenuity in creating further processed, value-added products - years ahead of the rest of the industry.

When **Mark Simmons** took over as president in 1974 following the death of his father, he led the company toward vertical integration by constructing a hatchery and buying a feed mill, then expanding through the 80's and 90's through acquisition and internal investment. Mark's son, Todd was recently named chief operating officer, after starting at the ground level and working through the various departments.

Today the company has operations in Arkansas, Missouri and Oklahoma with more than 4000 employees. The plant in Siloam Springs processes 750,000 birds of around 7.25 lb (3.3 kg) per week. In Southwest City, Missouri, Simmons processes two million smaller birds averaging 4.25 lb (1.9 kg) a week. They use both the Cobb 500 and Cobb 700 products.

Siloam Springs also has a raw further processing facility which does marinating and sizing. Van Buren, Arkansas, is home for a fully cooked facility along with a plant focused on sizing and par fry.

Two hatcheries supply chicks to the broiler farms: one in Jane, Missouri, and another in Siloam Springs. The feed mill at Fairland, Oklahoma, supplies the entire production department.

David Rose has been with Simmons for over 13 years, working his way into marketing from other areas of the company including production and quality control.

What markets does he see growing in the next few years?

"Restaurant business is growing, but leveling off from where it was in the 80's and 90's when we saw a growth in the percentage of two income households. As this percentage has leveled off, so has the growth in restaurant demand.



Simmons Home Office, Sager Creek, Siloam Springs, Arkansas.

All smiles at Sunshine Farm again




Vickie Crawford (left), Pilgrims Pride breeder manager, and Sherrie Caskey.

Number one again. The Caskey's Sunshine Farm that produces hatching eggs for the Pilgrims Pride Natchitoches, LA complex has the top Cobb 500 fast feathering flock for the second year in a row.

The farm located in the Goldonna community is owned and operated by **Greg and Sherrie Caskey**. They built the farm consisting of four 40 ft X 400 ft (12 m x 122 m) houses in 2004. Sherrie runs the day-to-day operations while Greg works in their family construction business as well doing the repairs and maintenance on the farm.

In the Cobb sold flock survey for 2007 the Caskey's flock stood out among the 2,300 flocks covered with 183.01 total eggs, 179.80 hatching eggs, 87.28 % hatchability and 156.93 chicks per hen.

Breeder manager **Vickie Crawford** is very happy with the results the Caskey Farm has achieved over the past three years: "The ability and willingness of the Caskey's to work hard and follow the programs that Vickie and her team have laid out is very evident in the results they've achieved together. Without a well planned and well executed pullet and breeder program these numbers would be not be possible."

Cobb-Vantress congratulates the Caskey family for a job well done and thank them for their hard work. We also would like to thank Pilgrims Pride for their business and look forward to our continuing relationship with them. 



Simmons continued

"Although there is a shift in the international markets, overseas customers continue to buy a great amount of commodity products. But, product type is radically changing as national economies change. Savvy consumers are coming on board as infrastructures change in these countries.

"Consistency in product sizing is being ever more demanded. Restaurant operators expect a consistently-sized portion every time. Consistent cook time and predictable portion cost are critical. It is up to food companies like Simmons to meet these demands in terms of the size and weight of the final portions.

"Certainly, the more uniform birds that Cobb can provide, the easier it is for us to supply products within the weight range sought by our customers. Additionally, this consistency in bird size contributes to lower costs by helping to reduce the amount of trim required to reach these targets.

"Economies are so tight for the consumer, the better value we can deliver, the more product they can sell. We


have seen some customers cut their portion size from 6 oz to 5 oz to reduce their costs."

"We also recognize that the consumer has less time now. This ultimately means that even though food costs may go up, the consumer will still make use of further processed food products, whether from a grocery store or a restaurant because there is less time to prepare meals from scratch at home."

Does he see demand for free range and organic from his customers?

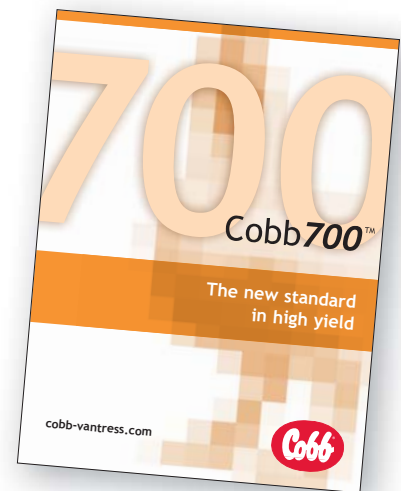
"We see so many things put on packages today such as 'all natural,' 'hormone free,' 'steroid free,' etc. After about three claims on a label, the consumer gets confused."

"In a recent survey of consumers, when asked about what they thought about macrobiotic products, over half thought it meant bacteria when in reality it refers to whole grain fruits and vegetables. We think much of the labeling is loose and is confusing to the consumer."

Finally, on escalating grain costs: "We pass some along to our customer, but if a contract has been reached prior to grain hikes, the integrator bears the brunt of the costs." 

'We're able to take a project from concept to solution ourselves'

Twin launches in South America and Europe for Cobb 700



“However, in a near future, the performance of the product will be valued closer to the final saleable product, which is the processed broiler and its parts. That gives to the poultry companies the opportunity of adding values to their products.”

‘the performance of the product will be valued closer to the final saleable processed broiler’



Steve Parsons, Stefano Ambrosini, Francesco Amadori, Stefano Pollarini, Jonathan Cade and Pelayo Casanovas at the Fieravicola, Forli, Italy.

The Cobb 700 was officially launched in late September at two major poultry events - the Latin American Poultry Congress in Punta Allegra, Brazil and the Fieravicola exhibition at Forli, Italy.

This latest Cobb product is positioned to compete in the emerging high yield market. It has been developed to offer the opportunity to grow broilers to heavier weights and achieve a high meat yield - and do both more efficiently. For value-added, deboned products, processors need broilers with the highest proportion of breast meat and increasingly also the preferred breast profile for the most valuable products.

The challenge of developing a product for this market began more than 12 years ago. Now, after research, testing, and commercial evaluation, the product that will set new standards for the industry, the Cobb 700, has arrived.

Brazil is still a market with average weights increasing year by year and with an increasing high yield perspective.

“Currently, Brazil still values the feed conversion and growth rate,” says **Rodrigo Terra**, new product technical service manager.

Delegates at the Latin American Poultry Congress in Punta Allegra, Brazil.

Within Europe Italy is one of the countries where the value of high yield is appreciated by companies which lead the way in developing innovative new products. All the leading producers were represented at the launch of the Cobb 700 by **Steve Parsons**, managing director of Cobb Europe, and **Stefano Ambrosini**, sales and technical consultant in the Italian market.



One of our oldest customers celebrates 50 years in business

Congratulations to Irvine's Day Old Chicks on celebrating the golden anniversary of the company in Zimbabwe.

It was rather earlier – in 1952 – that the business had its modest beginnings when **William Irvine** and his wife **Kath** decided to obtain a few hens to remedy a severe shortage of eggs. The 100 Black Australorp and White Leghorn chicks were reared in a spare bedroom, and both they and their neighbors were impressed by the small flock.

Then came cross-mating the two breeds to produce the first chicks for sale, an incubator capable of producing 200 chicks a week and in 1957 the purchase of land to expand the business and the registered company.

As the company has grown, new farms, hatcheries, a feed mill and processing plant took shape, finishing with a facility up to the best European standards. Today the mill is capable of producing 900 tonnes a week and the processing plant 160,000 birds a week.

The greatest expansion took place in the 80s and 90s mainly under the management of William's son **David**. Grandson **Craig** is now the third generation of the family in the business, responsible for all the activities outside Zimbabwe.

'Our first association with the Cobb company and its chairman, **Bobby Cobb**, was in 1962,' writes William in a special feature in the *Zimbabwe Independent* newspaper.

'The first Cobb people we met were **John Knowles** and **Peter Beck**. Both from the south east of England from where we bought our first Cobb breeding stock.'

He writes about **Tony Barnes** and 'the other great characters from Cobb who helped us build our business as far as broilers were concerned.'

He refers to the company policy of investing more than 95 per cent of the profits back into the business and



Providing welfare for their employees has always been a high priority, as shown in the school at Derbyshire Farm for the children of employees.

endeavoring to look after the needs of employees as best they could with, for example, a medical centre and school for employees and their families at Derbyshire Farm.

Of the present situation, he writes: 'In the past eight years economic conditions in the country as a whole have deteriorated substantially, and lack of capital and of profits have made it almost impossible to sustain our growth rate despite the big demand for eggs and chicken.'

'The outlook for our products throughout the world is better than it has ever been and we are doing our utmost to get back to the position we enjoyed before 2000 and I certainly hope that I will be around when the return of prosperity arrives.'



Irvine's chick truck supplying broiler and layer chicks across Zimbabwe and beyond.



Welcome to Bob and Chance

Bob Ickes has been appointed the South West regional sales manager covering Missouri, Arkansas, Louisiana, Texas and the West Coast regions.

This position has been held for the past seven years by **Heath Wessels** until his appointment in July as US sales manager.

Mr Ickes began his career with J & M Farms in 1974 after graduating from Louisiana State University with a BS in Agri-Business & Economics and a MS in Poultry Science Management. His sales career began with Arbor Acres in 1980, becoming vice president of sales for North America in 1996 and then national accounts manager for Aviagen in 2000. Since 2002 he has worked for the Southwestern Sales Company heading up their US sales and marketing efforts.

He has served on the boards of Louisiana Poultry Federation (twice as president), the Texas Allied Poultry Association, Arkansas Poultry Federation - Allied and Poultry Improvement Committees. He received the Louisiana Poultry Federation's 'Man of the Year' and 'Helping Hand' awards.

"We are very excited to have Bob on our North American sales team," says Heath Wessels. "His knowledge of the primary breeding industry and his commitment to our organization will be valuable assets in growing Cobb's business in the US."



Bob Ickes.

Chance Bryant has joined Cobb as a technical service representative for North Arkansas, Missouri, Kentucky, Indiana, Minnesota and Wisconsin.

He began a career in the poultry industry after graduating from Arkansas Tech University with a Bachelor of Science degree in agri-business in 1990, and has wide experience with both breeders and broilers.

He spent seven years as a broiler service technician with George's, Inc. in Springdale, Arkansas. Then he joined Tyson Foods in 1997 starting as a broiler technician, later becoming a breeder service technician.

He was appointed breeder/hatchery manager for Tyson's Berryville/Green Forest complex in Arkansas, where he oversaw the 1.4 million eggs/week hatchery and was responsible for co-ordinating the servicing of 45 rearing and production farms.

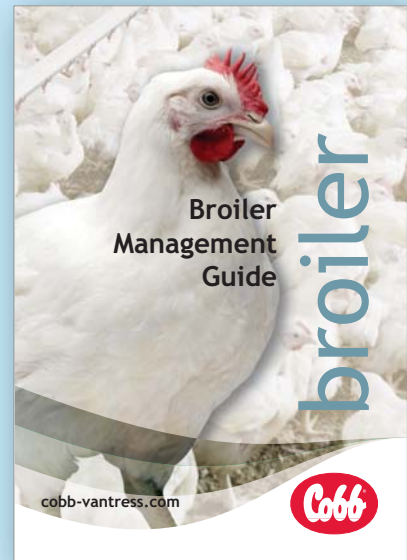
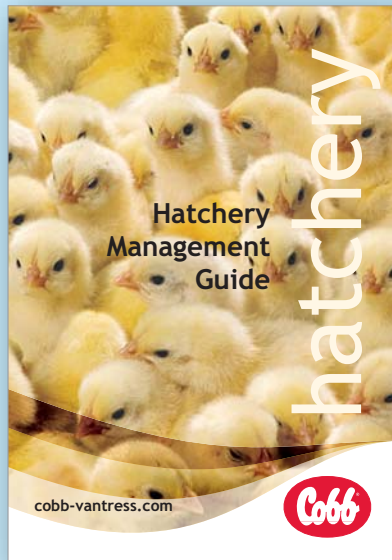
"Chance is a welcome addition to our team," says **Ken Semon**, technical service director for Cobb US. "His extensive background working with broilers and breeders will be a valuable asset to our US technical service team and to customers in his territory."



Chance Bryant.



New Management Guides



The new look for Cobb Management Guides in the future. Product supplements in breed colors accompany each management guide making it easier to identify which publications are needed at any time.

