

Breed well positioned for changing world market

The new breed strategy of Cobb-Vantress, Inc. complementing the Cobb 500 with new and improved lines targeting specific sectors of the world market, will put the company in a strong position to meet the chicken industry's changing demands.

While the Cobb 500 retains its ranking as the world's most popular, general purpose broiler breeder, it is joined by the improved Avian lines and the new Cobb 700 now being introduced to customers putting a premium on breast meat.

The strategy was outlined at the Summit 2002 conference for distributors in San Francisco, USA, where Jerry Moye, Vice President of Cobb-Vantress, forecast significant development in the world market over the next five years, with a shrinking in the 'day-old chick' market and growth of the new 'high breast meat yield' sector.

The day-old chick market is strongest in Asia, the Middle East and Africa, currently accounting for some 80 million parent stock a year – representing around 25 percent of the market of some 320 million parents.

Our challenge

The growth would come, he forecast, in both the 'mature' broiler market - now accounting for 225 million parents a year, 70 percent of the total - and in the developing high breast meat yield market which now represents 17 million parents, five percent of the total.

"I think without doubt the day-old chick market is going to decline over time," said Jerry Moye. "We're already seeing this in parts of Asia particularly China itself which is the largest day-old chick market. We're hearing that parts of their industry want to be looking at a product that will give them the ability maybe to become a player in the export market. The day-old chick product is probably not what they are going to want in four or five years from now."

Growth in these sectors would expand the world market to 350 million parents within four years. "Our challenge," he told the conference, "is to get to 50 percent and we think we've got the kind of products to do this."

The mature broiler market covers North and South America, Europe and parts of the Pacific Rim, with the Cobb 500 the leading breed. The high breast meat yield market where processors are deboning white meat for value-added products is more specialized and is strongest in the United States, Brazil and Italy, with the UK and Thailand showing increasing interest.

More large broilers

Jerry Moye forecast an increase in demand for large broilers: "Today in the United States and I know in the UK, and in places in Italy, large broilers are going to be grown more and more, and we're probably going to see more of them in Brazil. "We are talking about birds of three to three and a half kilograms, or greater. This market is going to increase and definitely meat deboning will increase — not just white meat, I think even the dark meat, too. We will continue to see that develop and will be driving our business as we go forward."

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Jerry Moye: 'We're excited about the opportunities for the future.'

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Tyson Foods President John Tyson (right) heard at first hand about the changing shape of the Middle East market when he met Dr Mohammed Saleh (center) of Cobb Egypt and Mohammed Chail of Cobb Europe at a meeting of grandparent distributors in the Netherlands. John Tyson was in Europe to speak on 'Capturing the center of the consumer's plate' at an international poultry industry conference in Amsterdam. We shall be taking up this theme in the next edition of Cobb Focus.

Poultry industry must stay ahead on key food issues - Glickman



Dan Glickman: 'Food safety is probably the most significant factor on the minds of consumers in the last five to ten years.'

One of the guest speakers at Summit 2002 was the former Secretary of the US Department of Agriculture in the Clinton administration, Dan Glickman, who expressed opinions on some key issues affecting the food industry worldwide. Firstly, he was worried by attitudes to genetically modified organisms (GMOs). He was critical of the European perception of GMOs which he said could affect the poultry and beef industry if countries insisted on tracing GMOs back to the feed source, which they have already begun to do in the cattle arena.

He believed the US should continue to keep up the pressure on the Europeans to agree to sensible trade distortion reductions on agriculture commodities and to take a more sensible attitude than they have done in

the past on the issue of GM foods.

In his speech, Mr Glickman mentioned the advent of the Department of Agriculture's national certification program for organic foods — effectively putting its stamp of approval on organic foods. He claimed that although still fairly small, organic food production is the fastest growing part of agriculture today in terms of sales.

He said; "If I was a betting man today, I would bet you that within five years there will be a significant expansion of organic foods, not only in the US. The Europeans are great leaders in this, and part of the reason why is because it satisfies a consumer choice desire, and it's something that you all should be aware of as well."

He then moved on to food safety. Mr Glickman said he believed this was probably the most significant factor on the minds of consumers in relation to food, certainly in the last five to ten years.

In particular he raised concerns relating to antibiotics, hormones in foods and food-borne pathogens such as campylobacter, lysteria and E coli. While highlighting these as areas where the poultry industry should focus on, he acknowledged that much had already been done within the industry with levels of campylobacter and salmonella significantly down according to USDA figures — far more than in any other proteins and products.

"These are issues that people care about very much," he said. "Anything you can do to continue to be leaders in the fight against pathogens in foods and to promote issues of food safety, I think you'll find it to your benefit."

"Up until 10 to 15 years ago, people in the developed world took it for granted that their food was safe. I suspect that is now changing. There's a lot more consumer activism in the world today. People really do want to know what's in their food, and how it was produced, and it's going to put more and more burden on people in the food industry to do that. The poultry industry has been ahead of the game on these issues, and you should aim to stay ahead of the game. I think it's a very important part of what you do."

Mr Glickman then moved on to diet and nutrition. Apparently this was the number one area raised at a recent Washington conference where delegates had been asked to define the major trends that the world would face in the future.

While apparently 40% of Americans are significantly overweight — and he conceded that he also perhaps fell into that bracket — he thought that much of the disease affecting people is based on the number of calories going into their diet.

He acknowledged that poultry is a tremendous source of low-fat protein worldwide. "While we spend billions of dollars once people get sick to try to make them well, we spend very little attention on what goes into their mouths to keep them strong and healthy to begin with. As Benjamin Franklin said, 'you are what you eat' and so I would urge you in terms of what you research and what the US Government can do to help in your research to focus on this."



View across San Francisco, venue for the Summit 2002 conference for Cobb distributors worldwide.

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changing world market

He said the market sectors would continue to demand differentiated product types. "We're going to try to offer the products that are the best for each one of these market types. We have the Avian 43 and 34, reciprocal lines for the day-old chick market."

Market leader

"In the last several years since we've been working with Avian, we've infused some of our R&D group's expertise. We've really improved these products, and I think today the Avian that is going out into the market is a different and better bird than it was four or five years ago."

"With the Cobb 500, already a market leader for the mature markets, we continue to work hard and we're very confident the product will make us a strong player here."

"And now we have the Cobb 700, a product we think will become a big player in the high breast meat yield market. One of the benefits we have from the Tyson group is that they have given us the ability to put birds into the market and to field test them. All the results have shown us that the bird is doing what we expected it to do."

Jerry Moye added: "We're excited about what opportunities might be there in the future for us, and we think we're going to be well positioned to handle the changes that we anticipate seeing in the market."

“Wherever you are, you can be confident of a quality product”

by ROY MUTIMER, World Quality Manager

The world continues to become a smaller place. Competitive pressures from this globalization, coupled with a very challenging economic climate, drives us all to strive for improved quality.

We at Cobb recognize how essential it is to provide you with the quality you need. Cobb-Vantress is continually evolving, which places it in a unique position to meet these increased demands.

Now with global responsibilities I find myself in prime position to share the exciting progress we have made and the initiatives in quality we continue to develop.

One of our key goals is standardization of quality around the world. This starts with a clear understanding of the key quality standards in all our markets. While standardization is the goal, continual improvement is the underlying philosophy that will help us exceed your quality needs. I would like to focus on four examples, which clearly illustrate both the progress and commitment to quality that is part of the Cobb-Vantress philosophy.

Salmonella status

It is a rather daunting thought that Cobb is the beginning of the food chain for more than one third of the chicken meat produced in the world. This places on us an awesome responsibility! We do take this responsibility very seriously and clearly understand our role in food safety worldwide.

In all markets including the United States the ‘farm-to-fork’ philosophy is increasingly the norm. With growing consumer concerns about food safety issues, it should be comforting to know that Cobb continues to honor its commitment to supply a salmonella-free product.

Internally we have assured that no salmonella cascades to our production units. Through the efforts of our colleagues in the research and development department we can guarantee that beginning at the



Roy Mutimer: ‘Cobb continues to honor its commitment to supply a salmonella-free product.’

very top of the pipeline our pedigree population is salmonella-free in supplying our great grandparent operations around the world. The company has been pioneering salmonella eradication and improved health of breeding stock generally for more than 25 years and today our technical and quality controlled teams work diligently to maintain the high health status right through to the customer.

This is helped by close collaboration with our partners in the feed industry to ensure clean feed is provided for Cobb flocks. We have ourselves recently invested \$4 million in a new state-of-the-art feed mill in Siloam Springs, Arkansas, clearly demonstrating our commitment in this area.

J – strain, Avian Leukosis Virus

Since its emergence in the late 1980s ALV-J has had substantial impact on the chicken meat industry. In response Cobb-Vantress has always taken an international approach in addressing this issue, working closely with recognized experts at Michigan State University at East Lansing and The University of Arkansas in the United States in conjunction with Compton Institute of Animal Health in England.

Through its consultation with these experts, Cobb-Vantress has developed and implemented intensive programs for monitoring its birds. While these programs form the foundation of our strategy, it is the use of state-of-the-art laboratory techniques and meticulous attention to detail on the farm and in our hatcheries that has allowed us to reach our goal, ensuring that our birds are ALV-J free.



The new Siloam Springs feed mill, showing the rooftop facilities for intake for the air filtration and dust control.

‘The Perfect Order’

While freedom from salmonella, ALV-J and other poultry diseases (including mycoplasma synoviae, mycoplasma gallisepticum and Avian Influenza) are measures of Cobb quality. We have also made great efforts to ensure that we provide a first quality chick.

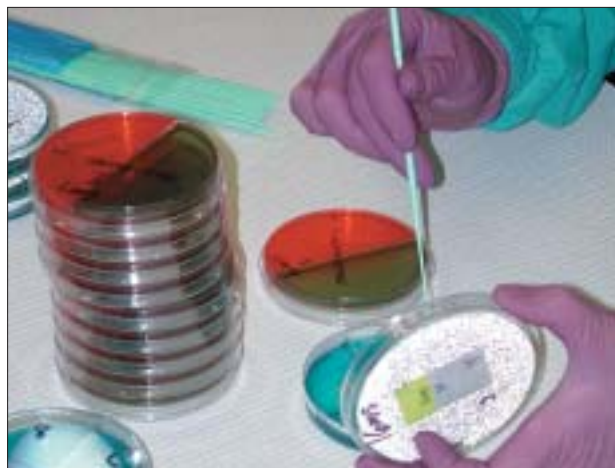
‘The Perfect Order’ — Cobb’s in-house quality measurement system, which controls over 20 aspects of outgoing chick and egg quality — is in operation at all our facilities. This tool and the data generated has enabled our hatchery and farm personnel around the world to continuously improve the quality of our chicks.

Quality assurance audits

Cobb has also developed a team of highly trained and sensitive quality auditors who are both formally qualified and uniquely experienced to audit hatcheries, farms and feed mills and their associated quality systems. These men and women monitor, report on, advise and improve quality systems and practices, ensuring standardization and consistency.

All Cobb facilities worldwide are subject to these audits. With such common standards and on-going commitment to continuous improvement, we believe our customers can be confident of the quality associated with the Cobb product — where ever it is marketed in the world.

In short, Cobb-Vantress continues to build on the reputation it has established over many years for supplying only a first-grade product. There is no scope for compromise in this area! The World Quality Team continues to move Cobb quality standards forward with the goal of not only meeting but exceeding your expectations.



Caring for our chicks every step of the way

by GAIL THORP, International Sales Administrator

In the USA, we and other poultry shippers are members of the Air Cargo Committee which is part of the U.S. Poultry & Egg Association. The committee visits the airlines to educate them in the proper handling of chicks and hatching eggs.

We provide a manual, posters and a videotape in English and Spanish to the airlines who use them in training their personnel. We explain to the airlines just how valuable the cargo is. They may think an egg or chick is worth just \$0.10, but we explain how much more valuable the cargo is to us and our customers.

Export order requirements are planned sometimes six months in advance for customers. We may also book the order one or up to three years before the shipment date, according to the current airline schedule.

We request bookings for airspace two months in advance of shipment since the airline may sometimes have too much cargo on a certain day, and then occasionally we may move the shipment date by a few days to use certain airlines before the order is set in the incubators.

The quantity of chicks packed in the box depends on the season — less chicks in the summer and more chicks during the winter. For grandparents, we pack even less than the parent stock.

Specialist box designers have helped in creating the cardboard box which we use for most export shipments from the USA. The box is designed for good ventilation to allow the heat up through the pallet.

We use temperature recorders on our shipments to monitor the temperature — we like the airlines to know that we are



Loading Fedex airplane.

monitoring, too. The customers fax or mail the temperature recorder tapes back to us. It is very beneficial for us to see the temperatures on



Loading of chick boxes, with spacers to provide good ventilation, follows a carefully arranged plan according to the type of aircraft or vehicle being used.

the plane to know if there is a problem somewhere along the trip.

We endeavor to use reliable, consistent airlines which provide efficient and timely service as routine. Some airlines do not want to carry chicks since it is a perishable item and much more difficult to handle than hard cargo such as machinery.

Some airlines are not reliable in their ventilation — for instance, forgetting to turn on the air conditioning or heat, while other airlines have a reputation for not departing on schedule and so can be a number of hours late. Therefore, we select airlines we know to be reliable and quality conscious to ensure delivery of the chicks in the best condition possible to the customer.

For road transport we use specially ventilated trucks which heat or air condition the chicks. If the temperature at the



Gail Thorp joined Cobb-Vantress as a management trainee 18 years ago and has worked with exports/orders for 15 years. She holds a BSc in animal science from the University of Maine and a masters degree in business administration from the University of Arkansas.

She is a member of the Air Cargo Committee of the US Poultry and Egg Association, she has held the roles of secretary, vice chairman and chairman, and is chairman for a second time in 2003.

The Air Cargo Committee is made up of USA poultry shippers who work together to help train the airlines on how to achieve and maintain high standards of care and welfare in the handling of all chicks, poults and eggs.



Design of the chick box itself contributes to proper ventilation, allowing heat to rise up through the pallet load.

airport is too hot or too cold when we deliver, we keep the chicks on our environmentally controlled trucks as long as possible.

We provide the hatchery with specific details of the travel plans for the chicks before setting of the eggs, so they can plan their schedule accordingly.



The US Air Cargo Committee visits airlines regularly to educate them in the proper handling of hatching eggs and chicks.

We aim to use older flock sources for international shipments since these flock sources produce chicks which are known to cope better with the stress of flying than those from younger flock sources.

For international shipments, we give four percent extra to allow for any in-transit mortality.

Before the chicks arrive at the final destination airport, the customer should have pre-custom clearance of the shipment completed. This means the documents have been checked by customs and the customer's freight forwarder. Once the chicks arrive, then customs can complete the clearance. This will help speed up official clearance for the chicks to help them arrive on the customer's farm sooner.

Team effort vital part of success



Cobb Europe Export Co-ordinator Stuart Burrell studied agricultural economics at Newcastle University in the UK and obtained experience in logistics with Ford before joining Cobb six years ago. He moved to Holland last autumn as part of the new planning team at Putten.

Techniques developed over many years to safeguard chicks during handling and long journeys are achieving excellent results on the road, in the air and on sea crossings.

Hatcheries in the Netherlands, Germany, Spain, the UK and Ireland are supplying grandparent and parent stock across Europe, the Middle East and Africa working closely with specialist contractors, freight agents and custom officials to ensure the stock arrives on time and in good health.

"It is very much a team effort working together and having plans in place when a hitch in the arrangements occurs," says Stuart Burrell, Export Co-ordinator for Cobb Europe.

Typical of the results is a recent shipment of 11,840 grandparents

to South Africa where the chicks were received on the farm in prime condition with just 11 dead on arrival. The journey involved three hours on the road from the UK hatchery to London Heathrow airport, an 11-hour flight and then a further two hours to the farm.

"Advance planning is vital," says Stuart. "Documents need to be cleared in advance with the customer and with the local customs office. The freight agent plays a important role with air shipments, and we provide them with detailed load plans to make sure the pallets are packed in the best way according to the size of shipment, the type of aircraft and journey time."

Chicks, rhinos and llamas all in a day's work for airline

One of the major carriers used by Cobb Europe is KLM which has developed a leading reputation for the movement of animalsfrom day-old chicks to rhinos and gorillas.

KLM Cargo has an animal hotel at Amsterdam airport Schiphol which is recognized as one of the best facilities of its kind in the world, and animal cargoes are part of routine daily business.

The World of Flight magazine reports that routing a bear to Barcelona or a llama from Lima is all in a day's work. "In terms of sheer numbers, KLM transports more chickens than human passengers — 40,000 per consignment — while approximately 5000 dogs and cats and 5000 horses board KLM flights each year," says Piet Rienstra, head of KLM Cargo animal hotel at Schiphol.

"We operate 24 hours a day, and have a team of 37 professionals, all specially trained to handle the infinite variety of animal guests who pass through our facility," says Mr Rienstra.

"The animal attendants are trained at the School of Veterinary Medicine, serve an internship with a vet, attend lectures at the veterinary inspection authorities and then spend a few weeks at Artis zoo in Amsterdam where they learn how to deal with various animals."

Schiphol's animal hotel facility has been purpose built, with a system of airlocks to prevent any contamination. Recently, a state-of-the-art quarantine center has been built at the animal hotel, meeting international regulations and requirements.

Further information about the facilities and air transport can be found on the KLM website at www.klmcargo.com

Cobb have their own delivery vehicles in the Netherlands and the UK able to transport up to 36,000 chicks each. Larger consignments go with specialist transporters such as Dekkers and Chickliner able to deliver up to 60,000 chicks in one load.

Both companies use vehicles with highly sophisticated air conditioning equipment which maintains the temperature within one or two degrees C of the target throughout the journey and in all climates. The controls have been developed with Hatch Tech using, for instance, a radiator panel which can be positioned according to the way crates are stacked.

Effective control of the chicks' environment is a key factor in safeguarding their welfare when temperatures can be as high as 40 degrees C in the Middle East, yet down to minus 40 degrees C in the Russian winter. With each load of chicks is an electronic monitor which downloads data to a computer and so provides the customer and Cobb with a record of temperatures within the load throughout the journey.

Where the journey involves a sea crossing, the vehicle normally remains on the open deck where there is access to cooler air than lower down in the hold. On occasions when crossings are delayed through bad weather, an aircraft is chartered to take over the delivery through arrangements with local airports and charter companies.

Cardboard boxes with embossed paper lining are normally used for road transport, while plastic boxes are normally used for air cargoes.

Two-breed approach to meet changing demand

A breeding program started as a joint venture between Cobb-Vantress, Inc and Venkateshwara Hatcheries to develop a broiler suited to the Indian market is now responsible for two out of every three chickens eaten in the country.

Venco Research and Breeding Farm developed the Vencobb 100 to meet the demand for a breed with high chick numbers, fast growth and feed efficiency in a climate renowned for extremes of temperature and humidity, and today has the capacity to meet the country's entire needs for grandparents.

It has also introduced a second breed, the Vencobb 400, which has been developed for higher meat yield as well as improved broiler characteristics, and is constructing additional grandparent facilities to provide for increasing sales at home as well as in neighboring countries and the Middle East region.



Dr G L Jain (center) of Venco pictured with Dr John Hardiman (left) and Dr Terry Wing during a recent visit to Cobb-Vantress Inc.

The Venkateshwara Hatcheries Group has links with Cobb going back almost 30 years. The group was established by the late Dr B V Rao, who has become regarded as a father figure of the modern Indian poultry industry. The first franchise agreement with Cobb for the production of broiler chicks was followed in 1980 by the formation of Venco Research and Breeding Farm, with Venkateshwara Hatcheries having 60 percent of the equity and Cobb-Vantress 40 percent.

A similar joint venture was formed with Babcock for production of layer grandparents, and today the company has an 85 percent market share of what is the fifth largest egg industry in the world. The group also has an egg processing unit with the capacity to use more than one million eggs a day, providing products for export to Europe and Japan.

The group is extensively involved in preventive health care, manufacturing vaccines and monitoring flock health through its Poultry Diagnostic and Research Center at Loni, near Pune, and it has an engineering unit to manufacture all the equipment needed for hatchery operations.

It also instigated the Indian Institute of Poultry Management, now renamed as the Dr B V Rao Institute of Poultry Management and Technology. The institute provides practical, on-the-job training to prospective poultry farmers and has trained over 3000 entrepreneurs from India, Nepal, Bangladesh, United Arab Emirates and Vietnam.

Today Venco is continuing to invest heavily in research and development to maintain breed improvements and provide for changing market demands. On a turnover of 750 million rupees (\$16.3 million) in 2001 - 2, the company spends 112 million rupees (\$2.4 million) or 15 percent on the research program.

In the past year Venco placed more than 200,000 grandparents — indigenous parent stock production estimated to save foreign exchange of more than 31 million rupees (\$0.67 million).

Despite competition from all the other major broiler breeds, Venco enjoys some 70 percent of the Indian broiler market and has also developed extensive export business. Vencobb broiler breeders are regularly exported to Nepal, Bangladesh, Sri-Lanka and Yemen.

In addition, broiler hatching eggs are sold to Saudi Arabia and other Gulf countries. Venco's sister company Venkateshwara Hatcheries exports two million broiler hatching eggs to Gulf states.

Venco's four grandparent centers are located in different regions of India, with the fifth under construction. Each center has a capacity of producing 1.5 to 2 million breeders a year, with Venco sales reaching 6.2 million broiler breeders in 2002.

The company's achievements have been recognized by a number of awards over the past decade. The Ministry of Science and Technology conferred on Venco the National Award for R&D Efforts in Industry in 1990.

Then in 1994 the US Department of Agriculture awarded a Certificate of Appreciation to Dr G L Jain and his team for scientific accomplishment of a five-year research program on broiler feed efficiency. The Indian Government's National Productivity Council gave Venco the National Productivity Award in 1997.

The Vencobb 100 broiler is the mainstay of the Indian chicken industry. The broiler reaches 1.5 kg liveweight in 35 days, 12 days fewer than 20 years ago, with feed conversion improved from 2.50 to 1.75 and the number of chicks/breeder up from 132 to 162.

The breed is well suited to the market which places emphasis on prolific breeder performance and fast broiler growth. Much of the production goes into the live chicken trade that remains popular with consumers for the curry and tandoori dishes for which India is renowned.

There is, however, a steadily increasing demand for processed and portioned chicken and ready-to-cook products, particularly in the southern states, which is where the Vencobb 400 is scoring. This breed has been developed for increased meat yield together with better growth rate and feed efficiency. It is achieving 18 percent breast meat yield, attaining 1.5 kg liveweight at 33 days with a 1.7 feed conversion and 154 chicks per breeder.

The Venkateshwara Hatcheries Group has also taken an active role in helping farmers to improve their returns. Ten years ago it promoted the All India Broiler Farmers Co-operative Marketing Society (BROMARK) aimed at increasing chicken production, and providing technical assistance and help in marketing broilers at remunerative prices.



Anuradha J Desai, chairperson of Venkateshwara Hatcheries Group.

The chairperson of the Venkateshwara Hatcheries Group, **Anuradha J Desai**, describes how the business has developed in the introduction to the group's brochure.

Poultry industry owes much to vision of the late Dr B V Rao

During the past three decades the Indian poultry industry has come of age - transforming itself from the level of a backyard activity confined to the rural poor households into an organized, modern and vibrant industry. In this process, the industry has acquired, adapted and assimilated the latest scientific and technological advances from all over the world - and further strengthened these gains with the help of indigenous research and development, and a well planned program of acclimatization.

As a result, we have succeeded in building up a strong and viable production base, including facilities for pure-line research and breeding, production of world class vaccines and medicines, highly sophisticated



Dr B V Rao.

equipment for hatchery and farm operations, poultry and egg processing and further processing, specific pathogen-free egg, a nation-wide network of disease surveillance and diagnostic services, and a unique institute for training and entrepreneurial development.

This, supported by an extensive network of hatcheries and feed mills, has made international standard quality products and services available to the poultry farmers virtually at their doorsteps, and enabled the industry to achieve consistently high rates of growth unmatched by any other segment of our agricultural economy. Today our egg industry is the fifth largest in the world. The broiler industry ranks 19th in the world and our productivity levels are easily among the best.

Such tremendous growth of the industry was brought about mainly because of the vision, foresight, commitment and single-minded efforts of one person - the late Padmashree Dr B V Rao - the father of the modern poultry industry in India.

It was his cherished dream to see India emerge as the number one country in the world of poultry - both quantitatively and qualitatively. It was his dream to see the Indian poultry farmer prosper and grow. It was his dream to shape the VH Group as a people-oriented organization, driven by technology and innovation, playing a significant role in the global poultry industry.

We, at VG Group, are committed to turn this dream into a reality. On this occasion when we celebrate the completion of 30 glorious years in the service of the poultry industry, I pay a humble tribute to the memory of that great son of India - and we re-dedicate ourselves to the ideal by which he lived, ie all round prosperity to everyone involved in the poultry industry.

Cobb-Vantress acquires Philippine grandparent franchisee



Back row from left to right: Victor Complido - Breeder Master Inc. (BMI) Controller, Jesse V. Botial - BMI General Manager, Chet Hobart - Cobb-Vantress, Jerry Moye - Cobb-Vantress World Vice President and Orlando Fernandez - Cobb-Vantress Asian Technical Service.

Front row from left to right: Jun Balag - BMI Assistant Manager, Rose Granil - BMI Farm Accountant, Daisy Batongbakal - BMI Clerical Staff and Receptionist, Francisca Sanchez - BMI Accountant, Mark Glavey - Cobb-Vantress Asian Sales Manager.

The Cobb grandparent franchisee in the Philippines, Breeder Master Incorporated, has become a fully owned subsidiary of Cobb-Vantress Inc.

The company has been jointly owned by Cobb-Vantress and Vitarich, which is owned by the Sarmiento family who have been the franchisees for more than 40 years. It will now be known as Cobb-Vantress Philippines Incorporated.

A joint announcement by Roger Sarmiento, Chairman of the Vitarich Corporation, and James Bell, President of Cobb-Vantress, said the shares in Breeder Master Incorporated held by Vitarich had been

acquired by Cobb-Vantress.

"With the changing economic direction by Vitarich more to the feed production side of the business, the acquisition is a natural for both companies. The change in ownership will allow both companies to concentrate their economic focus on their core businesses."

In a launching party at the Edsa-Shangrila Hotel in Manila attended by a number of executives from the Philippine poultry industry, both Roger Sarmiento and James Bell in a joint toast wished the new venture every success and each offered their special thanks for the co-operation and friendship expressed during the acquisition process.

Twenty years of growth for remarkable family business

Al-Watania Poultry in Saudi Arabia is the largest project of its kind in the Middle East founded in 1981 to produce 35 million chickens a year and now with an output of more than 167 million a year.

Over the past 20 years Al-Watania Poultry has established itself the leader in poultry production in the Middle East.

This self-reliant, integrated project was established by Shaikh Suleman Abdul Aziz Al-Rajhi in the Qasim region of Saudi Arabia some 400 kilometers north of the capital Riyadh.

The project was built at a cost of three billion Saudi Riyals (\$800 million) and has its own breeder farms, hatcheries, broiler farms, processing plants, feed mills, layer farms for table eggs, power generating units, maintenance workshops, construction units, transport facilities, I.T. department, water treatment plants and even chemical and biological diagnostic laboratories.

The business is run by a highly educated and experienced work force under the guidance of the Chairman Sh Sulaiman, and his sons — Shaikh Khalid A Al-Rajhi, General Manager, and Engineer Ibrahim A. Al-Rajhi, Project General Manager.

Al-Watania Poultry is the first in the Middle East to achieve a quality mark for its products, and ISO 9002 certification, and is now approaching HACCP / SQF certification and upgrading its ISO 9001 : 2000 certification.

It is also taking a lead in marketing its products. Pioneering efforts by the marketing department based at Riyadh have successfully established a wide distribution network to ensure that products reach consumers near and far — from the largest supermarkets to the smallest trading outlets. These efforts are backed by highly professional marketing programs and advertising campaigns to enhance the popularity of the products.

The production cycle begins on the 44 breeder farms, equipped with modern technology and housing the 1.2 million Females (parent stock), which are fully capable of fulfilling the broiler requirements. Twenty well trained professionals manage the farms, with more than 500 experienced staff involved in producing hatching eggs.

At present, day-old parent chicks are supplied by Cobb, Ross and Hybro. Breed selection is based purely on statistical analysis of their performance, and Cobb has a dominant share.

The four well equipped hatcheries have an annual capacity of 237 million eggs and are run by seven professionals and more than 200 experienced staff. The supply of healthy day-old chicks to the broiler farms remains the top priority.

Seventy two broiler farms have an annual capacity of 167.5 million and are producing 500,000 processed chickens a day. The farms are managed by 29 professionals, with more than 700 staff using their skills and expertise to produce top quality broilers of varying sizes to meet consumer demands.

The broilers are processed in three state-of-the-art plants with an annual capacity of 170 million chickens, involving more than 1000 managerial and factory staff ensuring that chickens are processed under the requirements of Islamic sharia law.

Currently, 93 percent of the chickens are supplied frozen and 7 percent fresh, with 95 percent whole and 5 percent cut-up. In future it is expected the share of fresh chicken will increase in line with market demand. Rendering plants linked with the processing plants manufacture poultry by-products meal.

Further processed, value-added products are playing an increasing role in the form of straight chicken mince, schnitzels, nuggets, Frankfurts, and plain and crumbed burgers. Various other products are planned to extend the range to suit market requirements.

Four feed mills have the capacity to produce 432,000 tons of mash and pelleted feed a year under the supervision of experienced engineers. The nutrition department, supported by a well equipped laboratory, has an important role in ensuring the supply of consistent rations to meet the recommended dietary needs of the chicken breeds used.

As well as the broiler production, Al-Watania have four layer farms with a capacity of 1.4 million hens and an output of one million table eggs a day. Sixty percent of the table eggs are exported to the Gulf States. More than 100 managerial and farm workers are employed in production of table eggs.

The poultry health division has 32 qualified veterinarians and 46 supporting technical staff, using sophisticated equipment for monitoring the health of live birds as well as the quality of processed chicken. The wide ranging biosecurity program helps to safeguard health and maintain high production standards.

There are 13 power stations with the capacity to produce 65 MW electricity, linked to a central command control unit to fulfill energy requirements. The maintenance department is fully equipped to carry out a wide range of jobs including electronic, fabrication, casting of spare parts, and rewinding motors and generators.

Modifications, expansion projects and maintenance of existing operations and vehicles are carried out by Al-Watania's own engineers and technicians working under the supervision of the technical services department.

There is a fleet of 1150 vehicles to take care of all transport needs from moving raw materials to the feed mills to delivering finished chicken products to cold stores in and outside Saudi Arabia, and on to supermarket chains and other customers. Modern water treatment plants at various locations provide good quality supplies to both humans and chickens.

There is a separate analysis and development department responsible for analyzing performance and identifying new ideas, as well as arranging in-house and exterior practical and technical training programs.

The materials department helps to ensure the supply of high quality inputs at competitive prices. Administrative and human resources departments cater for the needs of more than 6000 multinational employees, while accountants and other professionals

look after the financial needs of Al-Watania Poultry and the employees.

Residential blocks create a friendly and home-like atmosphere in providing educational, medical and recreational facilities as well as meeting grocery and other shopping needs. The central clinic is staffed with qualified doctors and nurses, and provided with specialist emergency services, to take care of employees' health.

Al-Watania Poultry's policy is to provide for the needs of its large work force as well as satisfy the demands of its customers for a widening range of high quality chicken products with the slogan "Your Food in Safe Hands".



Al-Watania Poultry is the first in the Middle East to achieve a quality mark for its products which are marketed under the slogan 'Your food in safe hands'.



The four hatcheries are producing more than 200 million broiler chicks a year.

»KOKAPRODUKT«
GRAČANICA



Breeder performance helping Kokaprodukt to forge ahead

Broiler production in Bosnia and Herzegovina - part of the former state of Yugoslavia - is expanding by around 20 percent a year to provide for the growing appetite for chicken dishes.

One company that is taking full advantage of the new opportunities is Kokaprodukt, the country's largest producer of day-old broiler chicks, supplying 40 percent of the market.

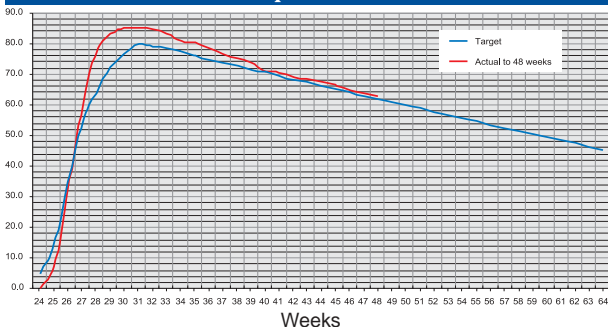
Kokaprodukt, which is based at Gracanica in the north of the country, was founded in 1980 and through a privatization program completed in 2000 is now owned by its employees.

The company has the facilities to produce 12 million day-old chicks a year. Output topped 10 million in 2002 and is set to increase further this year. The production is based on 5 farms with a capacity of 120,000 parent stock, and employs more than 140 people.

All the parent stock is Cobb 500 whose consistently high level of performance has contributed to the company's success.

Dr Marek Pospiech, Cobb's Regional Technical Advisor has worked closely with the company over the past three years. Improved flock management and careful sourcing of feed have contributed to excellent results with the Cobb 500 parent stock despite the age of the farms and equipment.

Actual versus target total egg production (hh%) Cobb 500 parent flock number 4



Production Manager Dr Ermin Grbic has worked closely with Dr Pospiech since joining Kokaprodukt in 1996 and has also benefited from attending seminars in Holland on topics including modern hatchery and breeder management.

When asked the reason for his success with breeding stock, Dr Grbic said, "I read the management guide and follow its recommendations, but it takes careful observation of each flock to make the correct management decisions. It is important to spend time in each house and to collect accurate flock data. I try to think like a chicken - my wife agrees!"

General Director Nedim Music worked in the Canton Tuzla Government as deputy minister of the economy before joining Kokaprodukt in 2001. Since then he has won an award for manager of the year 2001 - he was also the youngest candidate - and represented the Bosnian private sector at a



Nedim Music, Jasmina Atlic, Ermin Grbic and Marek Pospiech (left to right) at a celebration in Bosnia for Kokaprodukt. Mr Music received an award for Cobb breeder flock performance on behalf of the company, while Dr Grbic received a personal award for breeder flock management.

workshop in Austria organized by the World Bank.

He and his colleagues have plans to develop the business further. Currently, Kokaprodukt is selling broiler chicks to growers, mostly under three-way agreements involving the company with processors and farmers.

The aim is to find a suitable partner and/or investor to create a fully integrated organization. The long-term agreements, which Kokaprodukt has made with the largest processors, are seen as the first steps towards integration.

Already, 40 percent of chicken sales in Bosnia and Herzegovina are processed products.

"This is a fast developing industry with significant structural problems," says Nedim Music, "But if we can make the necessary reforms and work with the right people our company and others in the region stand a good chance of success."



Iradia - congratulations on your 10th birthday!

Iradia will celebrate its 10th anniversary as a supplier to the poultry industry in the Balkans this year. The company, which represents more than 10 European manufacturers in Serbia and Bosnia, provides practically everything needed for poultry production and has worked with Cobb since 1997.

Mirjana Atlic established Iradia near Novi Sad in Serbia in 1993. In its early years it represented Iradia, the Swedish manufacturer of medical lasers and the Dutch hatchery equipment manufacturer, Pas Reform. Mirjana built the company from this small beginning and although she sadly passed away 2 years ago, she is still warmly remembered by friends and colleagues all around the world. Her daughter Jasmina has taken the role of Managing Director and continues the family business.

Iradia opened its Bosnian branch in Laktasi in 1999, soon after the terrible war that destroyed many of the farms and the structure of the poultry industry, leaving very difficult market conditions.

Fortunately, there was one saving grace - the Bosnian people, always striving to rebuild their lives and capable of recognizing good business opportunities when they come along. Some of them have seen their chance in poultry production and in working with Iradia.

Thanks to these people, to the enthusiasm of Iradia, the co-operation of the management team of Kokaprodukt and Cobb quality and technical service Cobb 500 now enjoys a 90% share of breeder sales in Bosnia. Maintaining this position will not be easy, but the young Iradia team - whose average age is 30 years - is certainly ready for the challenge.

Genetic progress with the Cobb 500 continues generation by generation. One of the major objectives of our technical service team is to work closely with our customers to help them realize

these improvements as they are introduced. JOHN VINCENT, Technical Services Director, Cobb Europe, outlines how customers are benefiting.

Giving you Cobb flocks the perfect start



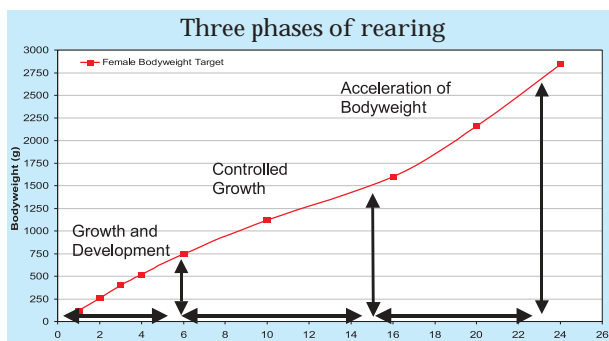
John Vincent.

From time to time, major reviews of technical advice occur and these can act synergistically with the genetic programs to produce even more significant improvements in performance than would be expected from the breeding program alone.

One recent modification to the rearing and laying programs for the Cobb 500 has achieved just such progress. In some markets where the changes have been accepted and adopted, we have seen an increase in six or more eggs in just two years.

The changes to the program reflected our accumulated understanding of how to grow the Cobb bird to prepare it best to respond to light stimulus so as to complete sexual maturity and instigate lay. It is recognized that the bird reacts to its own condition and how that condition changes from week to week. If the bird feels its condition improving from one week to the next, this can, at the appropriate time, stimulate the bird to begin other changes in its physiology. Once the changes have started, it is vital to maintain their momentum with continued 'improvements' in condition.

The rearing programs are designed initially to provide the birds with every opportunity to make a perfect start. Initial growth is encouraged allowing both skeleton and internal organs to develop correctly. This is followed by a period when the feeding program is designed to control growth but at the same time allow the bird to continue developing from 6 to 16 weeks of age. Finally, there is a period of conditioning the birds when gradual and controlled increases in feed produce this 'improving' condition, which eventually prepares the bird for the onset of production. The three phases of this program combine to produce the sigmoidal growth curve shown in the graph below.

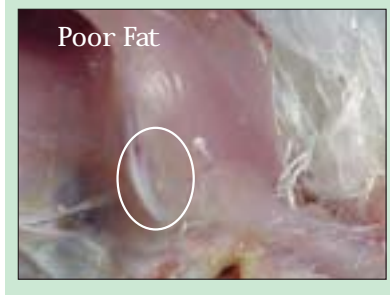


In principle, the shape of this curve is more important than the actual weights. However, any significant drift from the weights themselves can have major implications and can affect subsequent performance, particularly if the birds become overweight.

One of the most critical phases of this growth is the final stage of increasing feed and the eventual stimulation into lay. Once committed to increasing feed levels, it is important that there is no stall or deceleration of this. The birds will see even a small reduction in feed

increase — actually not a reduction at all — as a negative factor and it can have a serious consequence on their condition when light stimulation is applied.

It is also vital not to stimulate with lights until the vast majority of the birds are ready to receive this stimulation. This can be judged by both the weight and uniformity in the flock, and by the condition of the birds in terms of the amount of fat deposited over the pelvic bones. Deposition of fat is a key factor to the bird's final maturity and is as important as the weight itself. Fat is deposited as a reserve of energy, and without it no bird will reach sexual maturity correctly.



A final factor in maintaining good persistency during lay is to actively seek to reduce feed amounts as production naturally decreases to stop the birds from becoming excessively heavy. Over heavy birds can lead to an egg size problem and potential issues with fertility and persistency.

The success of this new program can be seen in the table summarizing three years of data. All information returned is shown here, with no deletion of poorly performing flocks.

The data are from all flocks placed during the period July to June each year and each is a full year's worth of data. The data from flocks placed in 2001 are still only half way through.

Individual customer meetings allow us to examine and discuss an individual company's data in strictest confidence. In addition, both formal meetings and more informal roundtables enable individuals from different companies and countries, to share more broad-based data set to encourage those involved to look beyond the apparent limitations of their own operations and to seek ways to increase performance still further.

Customer Results (to 60 weeks of age)

Year	1999	2000	2001
Total eggs	142.8	148.7	151.3
Hatching eggs	135.7	141.2	144.4
Average hatch %	82.7	83.1	84.3
Chicks	112.3	117.4	121.8
Livability %	90.7	91.4	92.1

The other key challenge in the constant search for better results is to ensure that performance is economically feasible, and that it is not bought at an excessive price to the overall business. Economic efficiency is the key to unlocking the full potential of any business.



COBB SOUTH AFRICA

'The chicken always comes first'

First for Cobb in South Africa

The Cobb SA Technical School was a first for the South African Poultry Industry. This forms part of a series of events that Cobb SA hosts, to improve the total chicken management technique's of our customers.



Technical schools like this one at Kwa-Zulu Natal are part of the Cobb South Africa events aimed at improving management for customers.

The technical school was held in the 2 major poultry regions in South Africa, Gauteng & Kwa-Zulu Natal. We had an overwhelming attendance of 150 poultry producers. Cobb SA has set a high standard in the market of providing valued education and an enhanced level of technical support to our customers.

The aim of the technical schools were to educate our customers on the performance of the Cobb bird, provide international support, but also to build the Cobb SA brand within the industry. Not only did the presentations create interest in the breed from potential customers, but it also contributed to help existing customers develop their own operations.

The technical school covered the following subject matter over a two-day period in each region:

- **The role of technical support & service**
- **Ventilation**
- **Poultry Nutrition**
- **Hatchery Management**
- **Breeder Management**
- **Broiler Management**
- **Research at Cobb & international trends.**

Cobb SA has gained 20% market share in the last 18 months in the independent parent stock market. Our market share is now estimated at 35-40% of the total parent stock market and is still growing.

Based on the excellent attendance and the positive feedback from customers, as well as the international presenters, it is clear that the Cobb SA Technical School was a great success. "Little wonder our chickens are going places."



Attendees at the Cobb SA technical seminar.

Round table meetings: Benefits of sharing experiences

Our new-style technical services meetings — bringing together customers for round table discussions rather than formal presentations — are proving popular across Europe and the Middle East.

Over the past year Cobb Europe has increased the number of customer seminars across the region, and broadened the range of topics covered to involve hatchery as well as breeder farm personnel.



Apostolis Kephalas explains the market situation in Greece to Nick Lynn at a recent distributors meeting.

"An important part of the success is enabling customers to share their experiences," says John Vincent, Director of Technical Services for Cobb Europe. "We can analyze their flock performances to identify where there is scope for improvement, but customers can also see how other companies have dealt with similar situations."

Cobb Europe has also been processing an increasing volume of data from customers. "This is extremely useful in helping to find out why flocks are or aren't performing well, and providing very specific advice on management. It underlines the necessity of giving the flock a good start, controlling bodyweight during rearing and not stimulating the birds to lay until the vast majority are ready."

Another benefit of the data analysis is the ability to benchmark performance so that customers can see how their flocks and farms are doing in comparison with other companies.

"The data provided from each company is confidential and we fully respect this," says Mr Vincent. "The more data we are able to process, the more valuable is the benchmarking so we can compare how flocks are performing across a wide range of different companies, countries and production systems."

Over the autumn and winter seminars have been held in Germany, Spain, the UK, Italy, Croatia/Bosnia/Serbia and the Middle East. This year's program includes regional events serving central and eastern Europe in Poland and Bulgaria, and former Soviet states such as Ukraine.

Specialist subjects including embryodiagnosis, nutrition and male management have featured in a number of the events such as the two-day schools for more than 80 customer personnel in Egypt and Turkey earlier this year.

Technical support group hatchery specialist Steve Tweed says there was considerable interest in the ability of embryodiagnosis to pinpoint problems and to help in preventing them from occurring. This topic was featured, too, in a recent edition of Cobb Technical Focus.

Cobb at grand opening of Argyle hatchery

The growing success of Cobb worldwide is reflected in South Africa where the Cobb 500 was introduced in 2000 and has, since its launch captured almost 40% of the breeding stock market.



Having seen Cobb's exceptional performance, Argyle Poultry decided to convert their broiler business into a fully integrated broiler breeder operation. In doing this, a new hatchery was opened, thereby allowing Argyle Poultry greater control over their chick supply.

Prior to the opening of the hatchery, Argyle Poultry purchased their chicks from one of Cobb's major competitors. However due to the more consistent quality of the Cobb breed, a decision was made to gradually

phase out the other breed from their operation, commencing with the first Cobb order in February.

The opening of the hatchery took place in December 2002, and was attended by Cobb-Vantress international breeder experts Jonathan Cade and David Perrin, as well as Cobb South Africa's Technical and Sales Manager Pieter Oosthuisen.

Cobb SA wishes Argyle Poultry the best of luck with their new venture, and looks forward to a lengthy and fruitful business relationship.



David Perrin congratulates Garth Ellis on the opening of the hatchery while Jonathan Cade looks on.

Atlanta



Ann M Veneman, Secretary of the US Department of Agriculture, talking with John Tyson, Tyson Foods Chairman and CEO, and James Bell, President of Cobb-Vantress, Inc on our stand at the International Poultry Exposition in Atlanta earlier this year where she addressed a seminar on food safety. She has a lifelong commitment to food and farming issues and this, along with her bipartisan approach to solving problems and confronting new challenges, are thought to have influenced US President George W Bush in appointing her to the position.



VIV Asia



Cobb-Vantress and Saha Farm executives meet in Bangkok with (left to right) Ausawin Chotitawan, James Bell, Manoonsri Chotitawan and Jerry Moyer pictured on the Cobb stand.

Eurotier

The Eurotier exhibition in Hannover, Germany, attracted customers from around the world to the Cobb Europe stand. It was a particularly popular event with customers from central and eastern Europe, looking to expand production with the European Union opening its doors to ten new member countries in 2004.



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