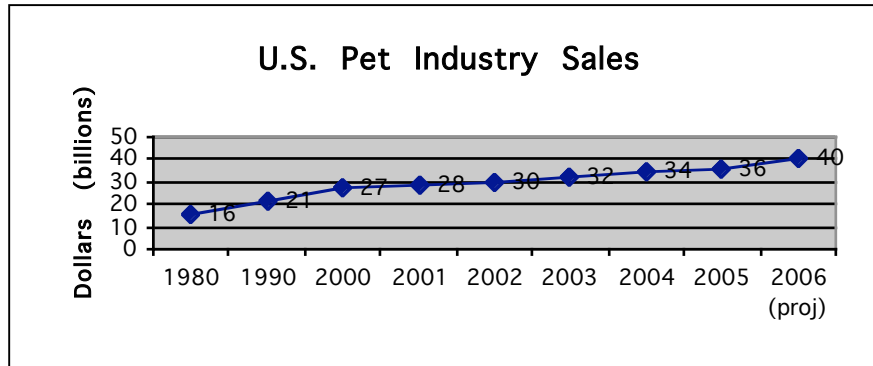


U.S. PET INDUSTRY

As many areas of the American economy continue to stagnate or recede, the U.S. pet industry has recently surpassed the toy (\$21 billion) and candy (\$25 billion) industries to rapidly become close to a \$40 billion per year business (up 68% net of inflation over the past decade), and shows no signs of slowing down.



Pets can now be found in more U.S. homes than ever before (62%) - as pet owning households have increased by more than 10 million over the last decade. Of these households, 34% own at least one cat, 39% own at least one dog, and 47% of those own more than one dog. Overall, in the U.S. alone, there are 78 million cats and 65 million dogs, a staggering figure in relation to number of children under the age of 18, which the U.S. Census Bureau reports to be just 72 million. In addition, Americans now spend more money on their pet foods (\$9 billion) than their baby foods (\$6 billion).

As the growth in the human - animal bond continues to increase, pet owners continue to segregate themselves into a very distinct, discriminate group of consumers who persist on spending sizable amounts of money keeping their "best friends" healthy and happy. All of this in an industry ripe with opportunities not yet seized.

Part of the Family?

- 92% of owners view their pets as "children" or "family members"
- 91% of owners have said, "I Love You" to their pets
- 86% of pet owners include their pet in holiday celebrations
- 79% of pet owners give their pets birthday or holiday presents
- 78% of dog owners consider the health of their dog as important as their own
- 76% of pet owners claim a sense of guilt when they leave their pets home alone
- 66% of pet owners would spend \$1,000 or more to save their dog's life
- 64% of pet owners include news/photos of their pet in holiday cards
- 62% of pet owners have signed letters from both themselves and their pet(s)
- 58% of pet owners have purchased a gift for their pet within the last 12 months
- 53% of pet owners allow their pets to sleep on their beds
- 51% of dog & cat owners give their pet a human name such as Bob, Sam, Molly
- 48% of female owners rely more on their pet than a spouse or child for affection
- 45% of pet owners set-up a special bed for their pet inside their home
- 37% of pet owners say their pet resembles them in personality traits