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## The Top 10

By Jenny Kvamme, DVM, and Debbie Phillips-Donaldson

### Why these companies lead the global petfood industry in sales, growth and innovation

That the 10 companies profiled here led the petfood industry in 2005 is no surprise to anyone. After all, the members of this top group don't change much from year to year; typically only mergers and acquisitions affect who the players are and their position in the rankings.

But what about the stories behind the rankings and numbers? How have these companies achieved their elite status?

### Dominating the market—again

In 2005, the most recent year for which complete data were available at press time, global dog and cat food sales amounted to US\$42.1 billion, according to Euromonitor International. As in past years, Mars Inc. and Nestlé SA dominated that market, grabbing 25.2% and 23.7% shares, respectively.



Both figures reflect slight declines, even with the Mars percentage including the share for S&M NuTec LLC, the maker of Greenies treats acquired by Mars in 2006. But in terms of value (retail sales), both major players showed growth, driven by an increasing commitment to the premium segment, says Euromonitor in its November 2006 report, the World Market for Pet Food and Pet Care Products.

"The two leading players ... have established a truly global presence," the report reads. "Broad brand portfolios, with a strong focus on mid-priced and economy brands distributed through mainstream grocery channels, have enabled the companies to build a strong consumer base in both developed and emerging markets. Indeed, the two companies have been instrumental in driving the development of dog and cat food sales in emerging regions through their extensive distribution networks and aggressive marketing activity."

### Premiums, superpremiums rule

After Mars and Nestlé, market share and retail sales dropped significantly to number three Procter & Gamble Co. with its Iams and Eukanuba brands. It was followed closely by Colgate-Palmolive, parent company of Hill's Pet Nutrition.

Both companies have also achieved a global presence, Euromonitor says, but their focus on superpremium petfoods means their sales and growth lie mainly in developed markets more likely to have consumers with purchasing power. Fortunately for Iams and Hill's, such consumers have continued to trade up to more expensive foods for their pets.

At number seven, Nutro Products Inc. also increased sales due to its superpremium products, mainly in its US base. In between, Del Monte Foods Co. came in at number five and Agrolimen SA at number six. Agrolimen enjoyed the largest sales increase from 2004 of the top 10 manufacturers, riding geographic expansion in its native region, Western Europe.

Rounding out the top 10 were three Japanese companies: Unicharm Corp., Nisshin Seifun Group Inc. through its Nisshin Petfood division and Nippon Flour Mills Co. Ltd. through its Nippon Pet Foods. As the world's second largest market for pet products (behind the US), Japan saw significant growth thanks to pet owners' increasing interest in the nutritional value of petfoods, functional foods and human-style products, according to Euromonitor. However, the three companies profiled here had flat or declining shares of the global market.

### A growing and innovative industry

Table 1 includes 2004 and 2005 market shares and retail sales for the top 10 companies. The 2005 retail figure is repeated in the profile of each company in this article, but we've also included 2006 data where available.

Table 2 lists petfood company leaders in growth, while Table 3 (p. 20) lists innovation leaders as measured by new product development. Obviously, these two areas go hand in hand.

Exhibit 1

Most experts predict the petfood industry will continue to grow worldwide through at least 2010. Though growth is expected to be more sluggish in developed regions, it will continue because of ongoing trends affecting product development—more people treating their pets like human family members, higher disposable incomes and a desire for convenience, including with packaging.

In emerging markets, such as Eastern Europe, Latin America and China, growth is exploding and should continue at a rapid pace. As consumers in these markets increase their purchasing power, they are more likely to place value on pet nutrition, thus transitioning from table scraps and homemade meals to prepared petfoods. Simultaneously, petfood companies are expanding distribution into these areas, as are pet-related retail outlets.

All this promises a positive future for the entire industry, including the 10 leaders. Read on to find out what they're doing to shape that future for themselves.

**1. Mars Inc. (Mars Petcare)**

World headquarters: McLean, Virginia, USA Approx. 2005 global retail sales: US\$10.26 billion  
 Officers: Doug Cahill, president, Mars Petcare  
 Top brands: Pedigree, Whiskas, Waltham, Cesar, Sheba, Kitekat  
 New products: Pedigree Super Chew, Greenies  
 Websites: www.mars.com; www.waltham.com; www.pedigree.com

Mars operates three core businesses (snack food, pet care and main meal food) in most parts of the world. Acquisitions was the name of the game in 2006, as Mars acquired S&M NuTec, maker of popular pet treats sold under the Greenies brand, and Doane Pet Care Enterprises Inc., previously known as the world's largest supplier of private label petfoods. Doug Cahill, president and CEO of Doane, was chosen to run Mars' North American pet care business in Nashville, Tennessee, USA, where Doane was headquartered. In late March 2006, Doane reported sales of US\$991.6 million for fiscal year 2005, down 5.7% from a year earlier. Doane's European business was sold to another party.

SALES LEADERS					
Company	Market share %		Retail sales (US\$ billions)		2005 vs. 2004 retail sales %
	2004	2005	2004	2005	
Mars Inc.	25.4	25.2	9.94	10.26	3.2
Nestlé SA	24.1	23.7	9.45	9.65	2.1
Procter & Gamble Co.	6.8	6.9	2.68	2.82	5.2
Colgate-Palmolive Co.	6.2	6.2	2.42	2.54	4.9
Del Monte Foods Co.	3.6	3.5	1.4	1.43	2.1
Agrolimen SA	1.3	1.4	0.49	0.56	14.3
Nutro Products Inc.	1.3	1.3	0.51	0.54	5.1
Unicharm Corp.	0.8	0.8	0.31	0.32	3.2
Nissin Seifun Group Inc.	0.5	0.5	0.21	0.22	4.7
Nippon Flour Mills Co. Ltd.	0.5	0.4	0.19	0.18	-5.2

Table 1. Market shares, approximate global dog and cat food sales (retail US\$) and percentage of change from 2004 to 2005. Figures for Mars include S&M NuTec LLC, acquired in 2006; figures for Del Monte include Meow Mix Co., acquired in 2006. Source: Euromonitor International.

In the past year, a new easy-to-digest version of Greenies was released for adult dogs to help clean teeth and freshen breath. According to Mars, the formula is based on patent-pending science rooted in dog biology.

**2. Nestlé SA (Nestlé Purina PetCare)**

World headquarters: Vevey, Switzerland Approx. 2005 global retail sales: US\$9.65 billion  
 Officers: W. Patrick McGinnis, CEO, Nestlé Purina PetCare; Terence Block, president, PetCare NA; Rock Foster, CFO  
 Top brands: Purina, Friskies, Alpo, Beneful, Fancy Feast, Mighty Dog, Pro Plan, Beggin' Strips, Busy Bone, Bakers, Felix, Winalot, Go Cat, Gourmet Gold, Vital Balance, Vitalife  
 New products: Beneful Prepared Meals, Fancy Feast Elegant Medleys, Purina ONE Natural Blends, Naturals by Purina Cat Chow brand  
 Websites: www.nestle.com; www.purina.com Employees: 7,000

During the first nine months of 2006, net sales for Nestlé amounted to US\$5.69 billion (CHF72.2 billion), an increase of 9.1% over the same period in 2005. The PetCare segment achieved 6.9% organic growth. PetCare category sales were US\$4.36 billion (CHF5.53 billion). Growth in North America continues to accelerate.

According to Keith Schopp, vice president of public relations, the company's keys to growth include innovation based on humanization and a focus on the consumer. Growth was also strong in Europe, with strategic brands such as Bakers, Purina ONE, Gourmet and Beneful doing particularly well.

Many successful new products were launched by Nestlé Purina in 2006. One of the most innovative was Beneful Prepared Meals, a new family-style food for dogs with such eye appeal that it warranted innovative packaging to clearly show the product on the store shelf.

Nestlé Purina also released natural products, plus Fancy Feast Elegant Medleys wet cat food in a shelf-ready tray pack. This packaging eliminates the need for single-can stocking and improves the shopping experience, according to Nestlé.

**3. Procter & Gamble Inc. (P&G Pet Care)**

World headquarters: Cincinnati, Ohio, USA (P&G Pet Care: Dayton, Ohio, USA) Approx. 2005 global retail sales: US\$2.82 billion  
 Top brands: Eukanuba, Iams  
 New products: Iams Smart Puppy, Iams Small and Toy formulas, Slow-Cooked can recipes  
 Websites: www.pg.com; www.iams.com; www.eukanuba.com

As a company, Procter & Gamble (P&G) had net sales of US\$68.2 billion in the year ending June 30, 2006. This value was an increase of 20% versus the same period last year. The major brands produced are Iams and Eukanuba. Both brands include superpremium dog and cat foods and treats, with Iams sold worldwide in most channels (including grocery and mass merchandisers), while Eukanuba is sold exclusively in pet specialty stores and veterinary clinics in North America.

Net sales for the global business unit that includes the Pet Health, Snacks and Coffee segments were US\$4.38 billion for the year ending June 30, 2006. This is 6% of P&G's company sales, which was up 2% from the same period last year. Sales in Pet Health were down slightly due to strong competitive activity in North America and Western Europe, according to the company's annual report.

**4. Colgate-Palmolive Co. (Hill's Pet Nutrition)**

World headquarters: New York, New York, USA Approx. 2005 global retail sales: US\$2.54 billion Officers: Robert C. Wheeler, CEO, Hill's Pet Nutrition; Neil Thompson, president, Hill's International; P. Justin Skala, president, Hill's North America Top brands: Hill's Science Diet, Hill's Prescription Diet Websites: www.colgate.com, www.hillspet.com Main plants/facilities: five facilities, plus more than a dozen offices worldwide Number of employees: 2,500, more than 170 veterinarians

Founded in 1939 by a veterinarian, Hill's Pet Nutrition has been part of the global consumer goods powerhouse Colgate-Palmolive since 1976.

According to Colgate's 2005 annual report, Hill's increased unit volume by 4% that year and sales and operating profit by 6%. It did this via product innovation, including large breed and small bites extensions of its Science Diet Lamb & Rice Recipe line and Prescription Diet Canine j/d, based on the science of nutrigenomics. Data from Datamonitor show Colgate/Hill's ranking 14th globally in new product launches from 2003 to 2006 (Table 3).

Through the third quarter of 2006, Colgate reported all five of its operating divisions—pet nutrition, plus four geographic divisions of its oral, personal and home care products—experienced sales and profit increases. This was supported by record advertising spending, according to the Colgate's World Fact Sheet on the company website.

Robert Wheeler, CEO of Hill's, expects growth and new product development to continue not only for his company but also the petfood industry in general. "We will see the pace of product innovation continue," he told Petfood Industry last year. "As we learn more about the benefits of good nutrition, we will see an increase in products designed to keep pets healthy."

GROWTH LEADERS			
Company	2000-2005 total growth %	2000-2005 CAGR%	2000-2005 value growth (US\$ billions)
Provimi BV, Rotterdam, Netherlands, www.provimi.nl	55,778.2	254.4	576
Agrolimen SA, Barcelona, Spain, www.affinity-petcare.com	22,632.2	196.0	559.0
S&M Nutec LLC (division of Mars Inc.), McLean, Virginia, USA, www.mars.com	15,203.7	173.5	395.6
Palmera SpA, Locchiarella, Italy, www.palmera.it	272.1	30.1	44.6
Nestle SA, Vevey, Switzerland, www.nestle.com	125.6	17.7	5,375.0
Prosper de Mulder Ltd., Doncaster, UK, www.pdm-group.co.uk	111.2	16.1	23.5
Total Alimentos SA, Tres Coracoes, Brazil, www.totalalimentos.com.br	99.5	14.8	63.6
Vitakraft-Werke Wührmann & Sohn, Bremen, Germany, www.vitakraft.de	93.5	14.1	54.1
V.I.P. Petfoods Pty. Ltd., Yatala, Queensland, Australia, www.vippetfoods.com.au	80.3	12.5	27.2
Moranda SpA, Andezeno, Torino, Italy, www.moranda.it	71.7	11.4	18.5

Table 2. Global leaders for dog and cat food sales by cumulative percentage growth, compound annual growth rate and value (US\$ billions), 2000 to 2005. Source: Euromonitor International.

**5. Del Monte Foods**

World headquarters: San Francisco, California, USA Approx. 2005 global retail sales: US\$1.43 billion Officers: Jeffrey M. Watters, senior VP, pet products Top brands: 9Lives, Cycle, Gravy Train, Kibbles 'n Bits, Nature's Recipe, Reward, Skippy, Meow Mix, Alley Cat, Milk-Bone, Jerky Treats, Meaty Bone, Pounce, Pup-Peroni, Snausages New products: Meaty Bone Denta Delicious, Snausages Roverolis, Canine Carryouts Pizza flavor, Kibbles 'n Bits Brushing Bites Plant locations: Bloomsburg, Pennsylvania, USA; Lawrence, Kansas, USA; Decatur, Alabama, USA; Buffalo, New York, USA Employees: 7,500

As a result of recent acquisitions, Del Monte has added the Meow Mix, Alley Cat and Milk-Bone brands to its pet products portfolio. Del Monte also produces private label petfood products. The company has market shares of 8.8% in the dry dog food category, 7.3% in wet dog, 4.5% in dry cat food, 19.6% in wet cat food, 38.8% in the chewy dog snack category, 11.8% in the biscuit/crunchy dog snack and 20% in the cat treats category. During fiscal 2006, Wal-Mart was Del Monte's top customer, representing approximately 30% of the company's gross sales and an even higher percentage of sales for the pet products business.

Pet products are primarily manufactured at four of Del Monte's production facilities, located in the US and American Samoa. The company also uses a limited number of third-party co-packers and re-packers located in the US and Thailand to supplement production capacity. The company operates a R&D facility in Terminal Island, California, USA, where it develops product lines and researches products for the petfood business.

**6. Agrolimen SA (Affinity Petcare SA)**

World headquarters: Barcelona, Spain Approx. 2005 global retail sales: US\$562 million Officers: Carlos Argenté, CEO/VP marketing; Franc Andreu, operations managing director; Francesc Blanch, VP R&D ; Patricia Larumbe, VP business development Top brands: Affinity, Ultima (UK), Rubadub (snacks/treats), Brekkies, Brekkies Excel (cat), Advance, Advance

Veterinary Diets New products: Ultima, Advance Special Puppy Care, Advance Sterilized (12 new dog foods, 10 new cat foods, three new snack/treats) Websites: www.affinity-petcare.com Plant locations: one plant in Spain, two in France Employees: 720

Affinity offers a wide range of products, from special veterinary diets to superpremium foods. Despite its size, the company distributes its products within a limited area geographically, mainly the European Union (EU). Affinity operates in the EU as if it was a single country. This facilitates a limited cost structure and greater visibility to its customers, competitors and consumers.

Affinity is focused on organic growth in the EU. It is looking to expand selectively in markets with good potential. The company sees future growth opportunities through increased distribution. In the countries where Affinity is not a leader, increased advertising support is helping brands launched during the last three years to gain awareness and recognition with consumers.

In 2006, Affinity introduced 12 new dog foods, one new treat/snack product for dogs, 10 new cat foods and two new cat treats/snacks. A new brand, Ultima, was introduced to the UK market as Affinity's superpremium brand in the grocery channel. It is currently the third best-selling dry dog product in the grocery channel and is closing the gap as the second best-selling dry cat product in this channel.

According to Carlos Argenté, CEO/VP of marketing, "We strive to be known for taking care of the well-being of dogs and cats. In relation to our trade partners, we strive to be known for innovations and value creators. Where we are not leaders, we would like to be perceived as the challengers in the category."

**7. Nutro Products Inc.**

World headquarters: City of Industry, California, USA Approx. 2005 global retail sales: US\$536 million Officers: David Kravis, CEO; Mike Satterwhite, executive vice president; Ladd Hardy, senior vice president, marketing Top brands: Max Dog, Ultra Dog, Max Cat Gourmet Classics, Natural Choice Complete New products: Ultra Large Breed dog food, Ultra Small Breed dog food, Natural Choice Whole Brown Rice & Lamb Senior dog food, Natural Choice Healthy Desserts dog treats, Natural Choice Small Bites Lite and Senior dog food, Max Cat Gourmet Classics Pouches Websites: www.nutroproducts.com, www.ultraholistic.com Main plants/facilities: Victorville, California, USA, and Lebanon, Tennessee, USA

Celebrating its 80th anniversary in 2006, privately owned Nutro Products Inc. has staked its success and continued growth on a commitment to the pet specialty channel. "Nutro creates a true partnership with pet specialty, working hard to provide retailers with the tools necessary to compete in a crowded marketplace with the best combination of people, products and marketing programs," says Margaret Goodall, director of marketing. "We work hard to help bring consumers into pet specialty stores, we educate store employees to speak knowledgeably about our foods, and finally, we make foods that perform, so consumers will continue to come back for more."

Other keys to growth cited by Goodall include using all-natural ingredients, making foods that pets enjoy and thrive on and staying abreast of research. New products from the company reflect all these elements, she says. For example, new small bites formulas are for dogs and cats that prefer a smaller kibble size, and large-breed dog foods provide for the different nutritional needs of specific breeds of dogs. Nutro also introduced what Goodall calls a unique system with omega-3 and omega-6 fatty acids.

With its focus on one channel, the company always finds it a challenge to help bring consumers into pet stores, Goodall says. "Consumers are often swayed by the convenience of buying their pet foods at grocery stores. It is our job to educate them that pet specialty retailers continue to carry foods that use better ingredients and provide better performance," she explains.

Despite that challenge, Goodall says the company continues to outperform the average industry growth rate each year and expects continued strong growth for 2007, especially in its cat and holistic brands. "We believe cat owners are turning more and more to superpremium foods that provide their cats with superior nutritional value and performance," she says. "We have also seen a growing trend toward holistic foods for pets. We introduced our Ultra brand in 2004 to begin to meet the needs of this market. In 2006, Ultra began to really take off, and our expectations for 2007 are for us to continue to build our holistic business."

**8. Unicharm Corp. (Unicharm PetCare Corp.)**

World headquarters: Tokyo, Japan Approx. 2005 global retail sales: US\$317 million Officers: Toshio Takahara, chairman; Gumpei Futagami, president/CEO Top brands: Aiken Genki Gin no Sara; Neko-Genki Silver Spoon New products: Ginno Sara for dogs 7 years and older, Fukkura Dry dog food, Ginno Spoon Umino Gourmet cat food, Ginno Spoon Can cat food Website: www.uc-petcare.co.jp Main plants/facilities: Itami Hyogo

Innovation leaders	
Company	New SKUs 2003-2006
Nestlé SA, Vevey, Switzerland, www.nestle.com	919
Mars Inc., McLean, Virginia, USA, www.mars.com	844
Procter & Gamble Co., Cincinnati, Ohio, USA, www.pg.com	323
Bravo Raw Diet, Vernon, Connecticut, USA, www.bravorawdiet.com	175
Del Monte Foods Co., San Francisco, California, USA, www.delmonte.com	156
Dr. Foster & Smith, Rhinelander, Wisconsin, USA, www.drfostersmith.com	152
Petrapport Inc., North Bergen, New Jersey, USA, www.beekeepers.com	137
Inaba Pet Food, Yui, Shizuoka Prefecture, Japan, www.inaba.com	107
Castor & Pollux Pet Works, Clackamas, Oregon, USA, www.castorpolluxpet.com	79
Nissin Seifun Group, Tokyo, Japan, www.nissin.com	74
Qingdao Lihong Daily Products Co. Ltd., Qingdao, Shandong, China	72
Merrick Pet Care, Amarillo, Texas, USA, www.merrickpetcare.com	63
Unicharm Corp., Tokyo, Japan, www.uc-petcare.co.jp	61
Colgate-Palmolive Co., New York, New York, USA, www.colgate.com	59
Nutro Products Inc., City of Industry, California, USA, www.nutroproducts.com	59
Ahold, Amsterdam, Netherlands, www.ahold.com	54
Wilderness Foods Ltd., Mt. Maunganui, New Zealand, www.wildernessfoods.co.nz	52
Old Mother Hubbard, Chelmsford, Massachusetts, USA, www.oldmotherhubbard.com	50
Agrialimen SA, Barcelona, Spain, www.affinity-petcare.com	45
Natural Balance Pet Foods Inc., Picoima, California, USA, www.naturalbalance.net	44

TABLE 2. TOTAL NUMBER OF NEW PRODUCT SALES FOR 2004 TO 2006 FROM PETFOOD MANUFACTURERS AND MARKETERS WORLDWIDE. INCLUDES TREATS. SOURCE: DATAMONITOR.

(petfoods) and Mie (pet care products) Number of employees: 180

On a new product tear since 2003, Unicharm PetCare Corp. is a division of Tokyo-based Unicharm Corp., maker of baby, personal and hygiene products. In 2005 and 2006, the pet division continued its product development blitz with at least four new products, including extensions of lines that have captured 33% market share for gourmet dog and cat foods.

To what does the company attribute this rapid growth? "We believe the key for growth is product development meeting needs in line with trends," says Gumpei Futagami, president/CEO of Unicharm. He explains that this focus also helps the company add value to existing products.

Unicharm differentiates itself from its competition by adhering to a firm strategy of researching consumer needs, conducting in-depth analysis to convert those needs into products, increasing the awareness of the products via marketing and advertising, and expanding sales. "We have accumulated and analyzed consumer data for the past 20 years and have been carrying out consumer tests," Futagami says. "For food we have an independent R&D team inside our factory, and we emphasize speed in converting needs into products. In terms of technology, recent palatability enhancing technology applied to our gourmet petfoods is unique."

Futagami says Unicharm has grown 13-14% annually since he became president in 2001, and he expects continued growth.

### 9. Nisshin Seifun Group Inc. (Nisshin Petfood Inc.)

World headquarters: Tokyo, Japan Approx. 2005 global retail sales: US\$217 million Officers: Osamu Shoda, chairman of the board; Hiroshi Hasegawa, president Top brands: Run, Carat, Lovely New products: JPStyle dog food Websites: www.nisshin.com, www.nisshin.com/english/english36.html Plants/facilities: 21 in Japan, Canada, US, Belgium, Germany, Netherlands, Singapore, Thailand, Indonesia, China

Under the Nisshin Seifun Group umbrella, Nisshin Petfood Inc. markets to predominantly Japanese pet owners. The parent holding company, which traces its roots in Tokyo to 1901, oversees other businesses as diverse as flour milling, foods, animal feed, pharmaceuticals and engineering.

In developing its petfood products, the company cites Japanese cultural trends such as an aging population and increasing single-person households. "For many, their pet is now an important member of the family and a life partner with which they have an emotional bond," according to the Nisshin website. The company keeps this "new level of emotional attachment in mind" with its product lineup, which includes Run dog foods, Carat cat foods and Lovely foods for small pets.

To capitalize further on the cultural changes, Nisshin launched a premium dog food, JPStyle, in February 2006, via mail order. The new product has contributed to increased dog food sales and is the centerpiece of a new company focus on premiums. Sales have also risen significantly for cat food, particularly dried and pouch products and foods for older cats, according to Nisshin financial statements.

In addition to products, Nisshin Petfood provides a pet advice and consultation service to its customers, which also allows the company to gather up-to-the-minute feedback on pet owners' needs.

### 10. Nippon Flour Mills Co. Ltd. (Nippon Pet Foods Co. Ltd.)

World headquarters: Tokyo, Japan Approx. 2005 global retail sales: US\$183 million Officers: Hiroshi Sawada, chairman and CEO; Masataka Horikawa, director and vice chairman; Wataru Aosaki, president and COO Top brands: Nippon, Vita-One Websites: http://e-nippon.com Plants/facilities: 12 plants plus seven offices in Japan, one mill in China, two mills plus one office in Thailand, three facilities in US

Also headquartered in Tokyo, the 110-year-old Nippon Flour Mills Co. Ltd., which claims to be the first industrial flour milling company in Japan to introduce western-style machinery, manufactures dry dog and cat foods under Nippon Pet Foods Co. Ltd. (NPF Japan). Besides petfoods and flour milling, Nippon manufactures and sells food ingredients; processed, frozen and health foods; and cosmetics. Most fall under the corporate Nippon brand.

Key to the company's success and competitive edge is its research and development. "NPF Japan has its own R&D center where 100 dogs and cats are bred," states the company's website. "Appetite, discharges and physical conditions are being monitored to collect effective data in developing safe and quality dog and cat foods."

The company also takes pride in its advanced manufacturing methods, claiming to have become, in 2001, the first petfood manufacturer to be certified to ISO 9001 (the international quality management standard). Though Nippon operates globally, its petfoods are marketed mainly in Japan. Company financial statements say sales of petfood products have increased greatly, though Euromonitor numbers show a sales decline in 2005. The company credits the rising number of pet lovers in Japan for growth. "Keeping pets has a positive effect on people, and the market for pet products is expanding," reads the financial

statement.



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# About us

To millions of people around the world, Mars is a name synonymous with quality, value and enjoyment.

Whether it's the simple pleasure of savouring the world's best-loved chocolate and confectionery, the satisfaction of a drink delivered efficiently from a vending machine, a contented pet or the reward of a delicious hot meal, Mars is the name behind the brands they've grown to know and trust. ["Tell me more about what you do"](#)

Today Mars is a \$18bn business operating in over 65 countries. Perhaps more surprisingly, and unusual for a business of our size, we are still privately owned - making us one of the largest 'small family businesses' in the world. ["Tell me more about your story"](#)

Our success is not simply due to developing the right products. It's a unique combination of innovation and determination, the essence of which can be found in the Five Principles that shape our business:

- Quality
- Responsibility
- Mutuality
- Efficiency
- Freedom



**Exhibit 2**

[\[LEGAL\]](#) [\[PRIVACY\]](#) [\[POLICIES\]](#) [\[TRADEMARKS\]](#) [\[SITE OPERATOR\]](#) [\[SITE MAP\]](#)

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NUTRO INFO

PET CENTER

DOG

CAT

PROGRAMS

PROMOTIONS

MENU FOODS  
RECALL  
INFORMATION

HOME

WHERE TO BUY

HELP ME CHOOSE

### Mars, Incorporated to Acquire Nutro Products, Inc.

**McLean, VA, May 1, 2007** – Mars, Incorporated today announced the signing of a definitive agreement to acquire the global pet food operations of Nutro Products Inc., a leading manufacturer of high nutrition, high performance dog and cat foods sold in pet specialty and farm and feed stores. Closing of the purchase of Nutro from funds advised by Bain Capital Partners LLC, a global private investment firm, is subject to normal regulatory approvals which are expected to be completed within a few months. Terms of the deal were not disclosed.

The transaction will bring together two of the most recognized names in the petcare industry. Nutro will operate as a stand-alone organization within the Mars family of companies and will maintain its commitment to the pet specialty channel.

"This acquisition will enhance our business by providing Mars with Nutro's high quality brands," said Bob Gamgort, North American president for Mars. "These brands are known for quality ingredients, unsurpassed nutrition and high consumer loyalty. Nutro's product portfolio, exceptional sales force, operational excellence, and strong focus on customer service will be an outstanding addition to our business," said Gamgort.

Nutro president and CEO David Kravis, together with the current management team, will continue to operate the business from its headquarters in City of Industry, CA. "We are proud of our relationship with Nutro pet parents, and of the long-standing, mutually supportive relationships we have developed with our specialty pet store partners. We look forward to building on those strengths and our continued commitment to them with the support of Mars," Kravis said.

Goldman, Sachs & Co. is serving as financial advisor, and Skadden, Arps, Slate, Meagher & Flom LLP is acting as counsel to Mars, Incorporated. JP Morgan Chase is serving as financial advisor, and Ropes & Gray LLP is acting as counsel to Nutro Products.

###

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**Exhibit 3**



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**Form 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2005

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 0-27818

**Doane Pet Care Company**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**43-1350515**  
(I.R.S. employer  
identification no.)

**210 Westwood Place South,  
Suite 400  
Brentwood, TN 37027**  
(Address of principal executive office, including zip code)

**(615) 373-7774**  
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act: None**

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).  Yes  No

As of the last business day of the registrant's most recently completed second fiscal quarter, the registrant had no common equity held by non-affiliates.

As of March 30, 2006, the registrant had outstanding 1,001 shares of Class A common stock and 71.32 shares of Class B common stock.

**Exhibit 4**

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In this Annual Report on Form 10-K, “Doane,” “the Company,” “we,” “us” and “our” refer to Doane Pet Care Company and its subsidiaries, unless the context indicates otherwise. All references in this Annual Report on Form 10-K to “Doane Enterprises,” “parent,” or “parent corporation” refer to Doane Pet Care Enterprises, Inc.

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**DOANE PET CARE**  
Trusted Partner of Choice

"Animals are reliable, many full of love, true in their affections, predictable in their actions, grateful and loyal."  
Alfred Montepart



## ▶ Products

**Product Types:** Doane Pet Care manufactures a full range of pet food products for both dogs and cats, including dry, semi-moist and soft dry foods, soft treats and dog biscuits. Doane's variety of product meets customer specifications across all retail channels and price points - from super premium to value products.

**Product Categories:** Doane Pet Care manufactures store brands for over 200 customers in the United States including the three largest mass merchandisers, the five largest grocery companies and the largest national pet specialty retailer. The company also manufactures packages and ships dry pet food and treats for four of the six largest national branded pet food companies through co-manufacturing agreements.

### Product Examples:

**Mass Merchandise:** Doane Pet Care has been the primary supplier of store brand pet food for Wal\*Mart since 1970 - manufacturing and distributing a variety of products direct to their stores including *O'Roy*, Wal\*Mart's store brand and largest selling brand of dry pet food by volume in the United States .

**Grocers:** Doane Pet Care also produces pet food for such nationally recognized grocery chains as Kroger, Albertson's, Winn-Dixie, Safeway, Food Lion, Bruno's and Bi-Lo, who market the products under their own store brands.

**Trail Blazer** dog foods, available in six formulations, are complete and balanced for all stages of a dog's life. *Trail Blazer* products have no artificial flavors, are routinely tested to ensure high digestibility and taste appeal, and come in a variety of package sizes to meet different consumer needs.

**Kozy Kitten** cat foods are established and popular products that provide all the nutritional requirements for adult cats. Long known as a leading national value-priced brand, *Kozy Kitten* caters to the taste preferences of different cats with three flavor varieties, and is available in a variety of sizes for households with one or many cats.

**G. Whiskers** is an affordable premium cat food offering gourmet flavor in the economy segment while still delivering a complete and balanced formula for all stages of a cat's life. *G. Whiskers* is high in protein and contains linoleic acid for healthy skin and coat, calcium for strong bones and teeth,

- ▶ [News & PR](#)
- ▶ [Pet Care Industry](#)
- ▶ [Products](#)
- ▶ [Vision](#)

**Exhibit 5**

and taurine for good vision and healthy organ functions.

**Bonkers** cat treats have been a favorite of cats for over 16 years. The five flavor varieties come in fun shapes to make Bonkers more entertaining for both cats and their owners. The colorful packaging is specifically designed to seal in freshness.



PE CHOPBEEF  
PET ESSEN 13.2OZ DOG  
**.46**

PET  
1002  
**7.**

### Are treats okay for my dog?

- Just like humans, use treats in moderation to make sure you're not giving your pet too many calories.
- Treats usually are not nutritionally complete but better than table scraps.
- Reward your dog with a treat after a good training session to keep interest in the activity.



NON CON FLOW  
0896  
0888033  
8485587  
A40(1)-1-2-1  
083-08-0871 2/1/1  
51  
143 OF 200 CTNS

### How do you read a dog food label?

- Ingredients are listed in descending order of predominance in the product by weight.
- If meat is listed as the first ingredient, then there is more real meat in product than any other ingredient.
- Consult package guidelines for serving portion size.



**Exhibit 6**



### Why mix wet food with dry?

- Mixing foods can encourage eager eating, which is great for finicky eaters.
- Wet food makes a better topper than table scraps, providing balanced nutrition.



### Beneful Original Formula.

- Wholesome ingredients like real beef and crunchy whole grains accented with vitamin-rich vegetables.
- Abundant nutrition for your dog's health and happiness.





### Beneful Healthy Weight Formula.

- Calorie-smart nutrition, with 10% fewer calories than Original Beneful.
- Wholesome ingredients like real chicken and crunchy rice accented with vitamin-rich vegetables, and even soy.

The Bullseye Dog is a trademark of Target Brands, Inc. All rights reserved. ©2004



PURINA ONE  
 20LB LRG BRD HLTHY WT  
**17.29**

### ONE Large Breed Adult Formula.

- Helps large breed dogs maintain lean body mass for strong muscles.
- Highly digestible ingredients for optimal nutrient absorption.
- Omega fatty acids nourish healthy skin and a shiny coat.

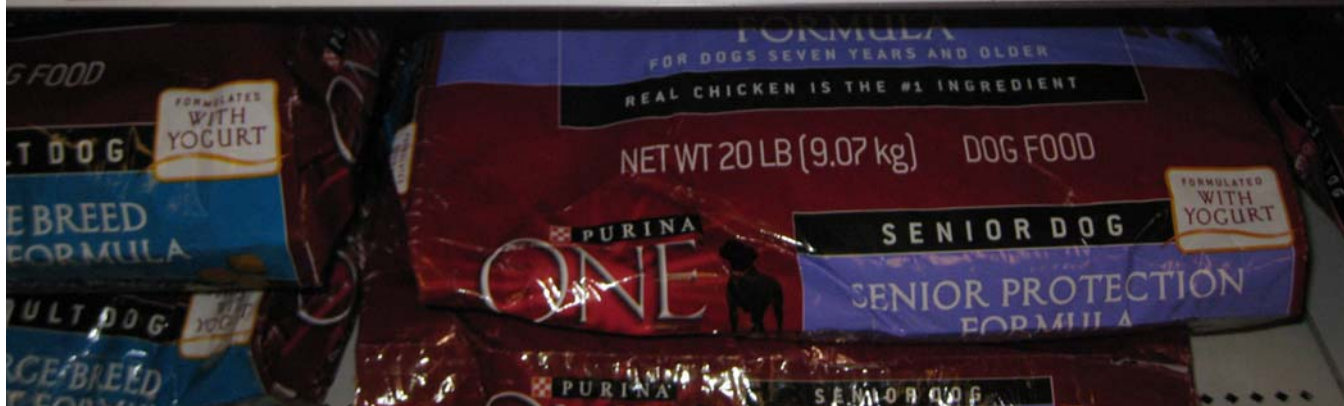




**PURINA ONE Large Breed Puppy Formula.**

- Formulated with DHA for vision and brain development.
- Contains natural sources of glucosamine to help maintain healthy joints.
- Highly digestible ingredients for optimal nutrient absorption.

©2006 Target Stores. The Bull Terrier Dog is a trademark of Target Stores.



**PURINA ONE**  
HEALTHY WEIGHT MANAGEMENT  
**17.29**

**PURINA ONE Healthy Weight Management.**

- Optimal protein level helps dog lose fat, not muscle.
- 25% less fat and 15% fewer calories than Purina ONE Total Nutrition Lamb & Rice Formula.







**ONE Lamb and Rice.**

- High-quality protein, including real lamb, promotes a lean, energetic body and healthy organs.
- Formulated with yogurt and other highly digestible protein sources.
- Omega fatty acids and Vitamin E nourish healthy skin and a shiny coat.

©2006 Target Brands, Inc. The Bullseye Dog is a trademark of Target Brands, Inc. All rights reserved.

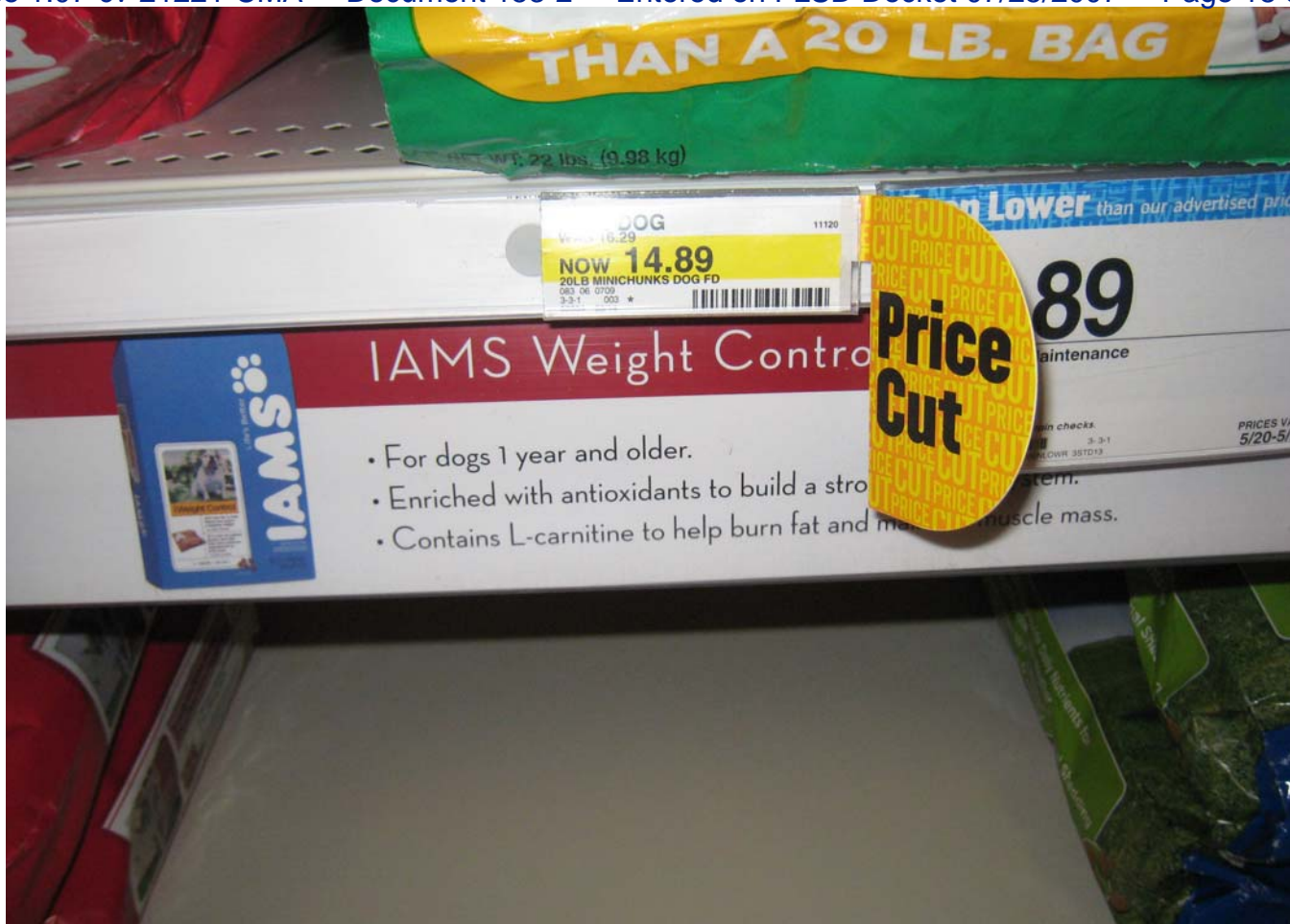


**IAMS Active Maturity.**

- For dogs 7 years and older.
- Enriched with antioxidants to build a strong immune system.
- Patented fiber source maintains colon health.

**Price Cut 89** Maturity







### Beneful Original Formula.

- Wholesome ingredients like real beef and crunchy whole grains accented with vitamin-rich vegetables.
- Abundant nutrition for your dog's health and happiness.



### Beneful Healthy Weight Formula.

- Calorie-smart nutrition, with 10% fewer calories than Original Beneful.
- Wholesome ingredients like real chicken and crunchy rice accented with vitamin-rich vegetables, and even soy.

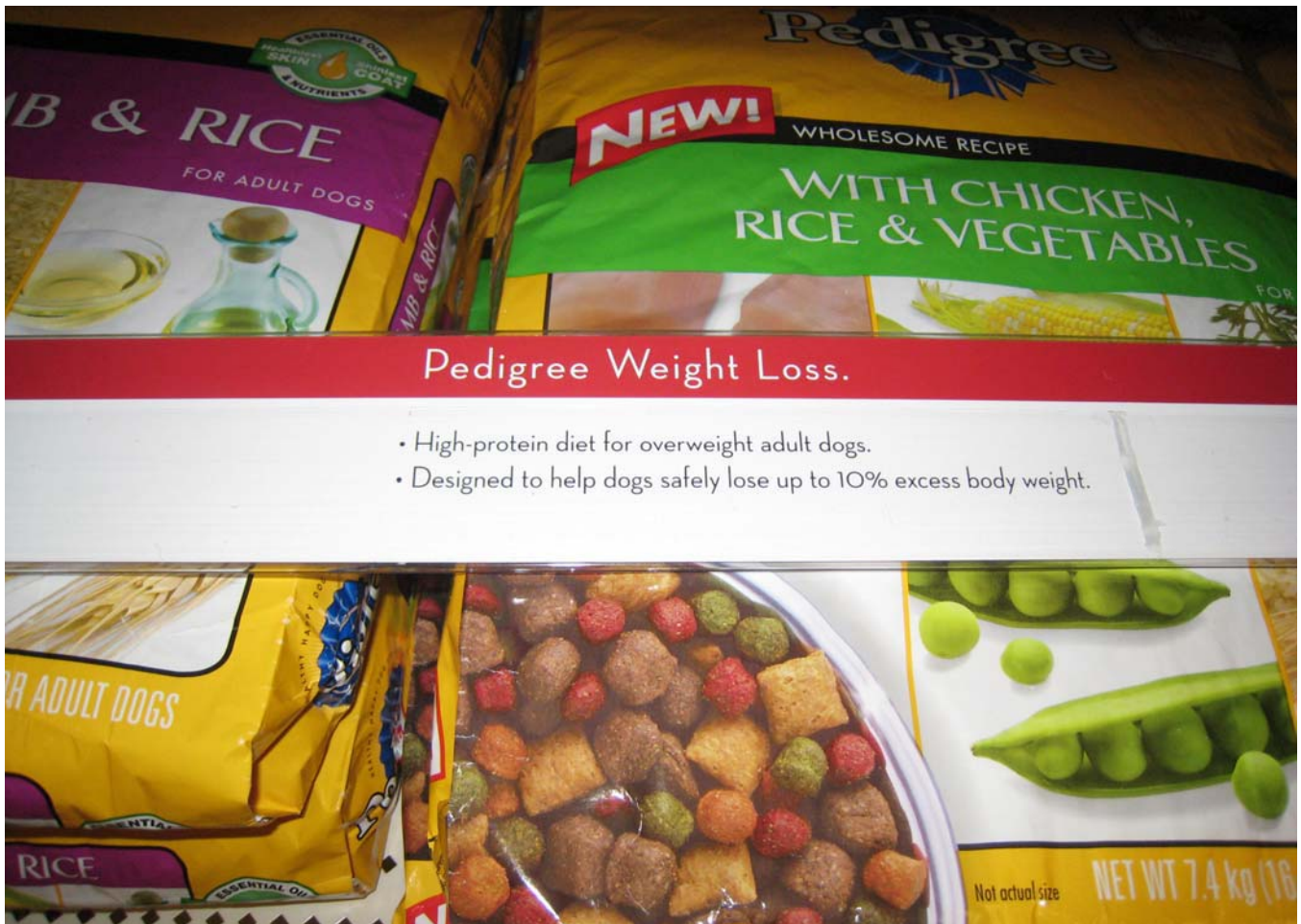
The Bullseye Dog is a trademark of Target Brands, Inc. All





**Pedigree Weight Maintenance.**

- Balanced diet for less-active adult dogs.
- Designed to help promote lean muscle mass, while keeping fat off.



**Pedigree Weight Loss.**

- High-protein diet for overweight adult dogs.
- Designed to help dogs safely lose up to 10% excess body weight.

**Superior Nutrition for Every Stage of Life**

- A unique blend of antioxidants (dry formulas only) promotes a strong immune system
- High-quality ingredients with an ideal balance of 50 nutrients




**Hill's**

Vets' #1 Choice for Their Own Pets™

255-0107-099

Display through June 25, 2007.

Exhibit 7

# Advanced Protection™



HELPS INCREASE  
CATS' VITALITY  
AND ALERTNESS

SENIOR  
7 + YEARS

Superior Nutrition for

CAT FOOD · NET WT

# Advanced Protection™



HELPS INCREASE  
CATS' VITALITY  
AND ALERTNESS

SENIOR  
7 + YEARS

Superior Nutrition for Lifelong Health™

CAT FOOD · NET WT 3.5 LB (1.58 KG)



## Science Diet Light

for real results, use a real light.

- Highest guaranteed level of muscle-building L-Carnitine\*
- Lowest in calories\*

\*Dry only. Tested versus all major competitive brands marketed as "light/fit".

Vet's #1 Choice for Their Own Pets™



355-1006-937 CAT

Display this

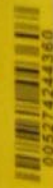
SCIENCE DIET  
ADVANCED PROTECTION FELINE SENIOR 1

3.5 LB  
5873524  
(23)

9.99

17.9¢

UNIT PRICE PER OZ



005274244360

# We Care



We care about your pet's health, and want to assure you that any dry dog and cat food currently on our shelves being sold under the **Pet Pride, Old Yeller, That Darn Cat, FMV, Kroger Value or Ralphs Value** labels are safe for your pets to consume.

At The Kroger Co. family of stores, we understand how important pets are to our customers. If you have any questions, please contact us at 1-800-632-6900, or [www.kroger.com](http://www.kroger.com).



877781

00 0211072801  
PET PRIDE CAT SEL. PK  
00211072801 \$7.99

4 Ocean Seafood Cocktail With Sauce

00 02310022966  
SHEBA DOME'S PRM CUT SEAFO  
002102256 04.8 4 BPK  
UNIT PRICE \$7.99  
PER LB

00 050000042524  
FRISKIES SPCL DIET SL CKN  
00211162 11A 24 5 OZ  
UNIT PRICE \$1.25  
FRISKIES STORE

00 05000004222  
FRSK SPC DIET TKY 4oz  
00211196 11A 24 4oz  
UNIT PRICE \$1.25  
FRISKIES STORE

# The Goodlife Recipe™

Food for Cats



Here's to the good life.

Everything your cat needs.  
Nothing she doesn't.

## Compare for yourself.

DRY CAT	Real Meat, Chicken or fish	Min % Protein	With Real Vegetables	Whole Grain Brown Rice	No ED&C Dyes	Great Taste
	✓	34%	✓	✓	✓	✓
	✗	31%	✗	✗	✗	✗
	✗	34%	✗	✗	✓	✗

Your cat will love The Goodlife Recipe™ or we'll **DOUBLE** your money back. **GUARANTEED!**

For details and restrictions visit [thegoodliferecipe.com](http://thegoodliferecipe.com)



SmartSource Shelftalk™





00  
NET WT 56 OZ (3 LB 8 OZ)  
NET WT 1.59 kg  
SELF \$3.30



**SAVE NOW**

**FREE ENTREE**

WHEN YOU PURCHASE ONE

© 2007 Purina Mills, Inc.

*Introducing*

**SHEBA® PREMIUM CUTS™**



*SHEBA: THE ONLY FOOD WORTHY.™*



PREMIUM CUTS

PREMIUM CUTS

PREMIUM CUTS

PREMIUM CUTS

