



## THE MARKET

The pet supplies market in the United States is over \$8 billion and growing every day, which is not surprising when you think that 63 percent of U.S. households have at least one pet in their home. In fact, today there are over 200 million household pets in this country, which doesn't count the millions of fish, frogs, turtles, and other reptiles. And today's pets are not what they once were, rising in status to become true family members.

It's hard to think of another company as synonymous with pet supplies as the Hartz Mountain Corporation. For the past 85 years anyone who has ever had a family member with fur, feathers, or scales is likely to have used a Hartz® product. Whether it was the bright orange packs of bird seed of the forties and fifties, the original flea and tick collars of the sixties and seventies, the ever-present hamburger squeak toys, the can of Wardley® Goldfish flakes, or some of its latest innovations, Hartz has been the iconic brand of pet supply products for generations of pet-loving households. In 2010–2011, over 25 million pet-owning households bought a Hartz product for their loved ones. No other pet supply company can make that claim.

## ACHIEVEMENTS

Hartz has been able to secure and extend its leadership position in core categories — the ones that made the brand famous — while successfully branching into new segments. The Hartz flea and tick collar, launched in the 1960s, is the number-one flea and tick collar in the United States to this day, and Hartz flea and tick topicals for dogs are currently number one in food, drug, and mass retail.\*

In 2011 Hartz launched UltraGuard Pro® topical drops with the new Pro-Glide™ angled applicator. In a recent Hartz survey, vets considered the applicator the easiest to use, as it glides quickly through the coat and applies smoothly on the dog's skin.

While a pet's health is always paramount at Hartz, the brand also understands the importance of having fun. In fact, over the past 10 years, at least five of the top-10 best-selling dog toys in grocery stores has been a Hartz product.

Hartz in 2008 leveraged its success in the pet supplies aisle to move into the grocery aisle with biscuits and treats, introducing Hartz Crunch 'n Clean®, an innovative line of biscuits and cat



treats that combines proven dental benefits with superior taste. It was the most successful biscuit introduction of the decade.

And although Hartz only recently entered the training pad category, in 2009 Hartz Training Academy® pads quickly unseated the market leader, and Hartz pads remain the number-one training pad in the United States and Canada.

More than 125 shelters received support from Hartz in 2009 and 2010. As consumers and pet parents faced the Great Recession of 2009, many shelters were faced with trying to care for more pets with less funding. Hartz donated over \$3.5 million in cash and supplies in an attempt to help fill this void.

## HISTORY

Hartz is an American entrepreneurial success story. In 1926 an almost penniless 26-year-old Max Stern decided to leave his native Germany for the promise of America. Germany was still suffering from the ravages of the First World War. The allure of America's stability, freedom, and economic opportunity beckoned.

A childhood friend of Stern's, a local pet dealer, had borrowed a modest sum and could only pay back the loan with 5,000 singing canaries. Stern accepted the canaries and decided to sell them in New York City. He sold the singing canaries to the John Wanamaker Department Store at Astor Place in Manhattan and soon thereafter established his business nearby at 36 Cooper Square.

Stern went back to his native Germany again and again, returning to America each time with more singing canaries that he began to sell to a growing customer base, including R. H. Macy, Sears Roebuck, F. W. Woolworth, W. T. Grant, S. S. Kresge, and others. By 1932 Stern was the largest livestock importer in America and decided to expand into packaged bird food. The Hartz Mountain line of pet products was born.

Stern's son joined the company in 1959 and expanded Hartz's product lines into goldfish, tropical fish, and a full line of aquatic supplies. Hartz expanded again in the sixties with dog and cat products, most notably the Hartz flea and tick collar — still the number-one-selling flea and tick collar

for both cats and dogs.

By the early 1980s Hartz products were sold in more than 40,000 U.S. and Canadian retail outlets. Hartz continued to expand product lines in the 1990s with the acquisition of the esteemed Wardley® brand of fish food and supplies. The portfolio also grew with the addition of the LM Animal Farms™ brand. Research facilities continued their growth as well, and new generations of pet care products were introduced under the Hartz brand, such as UltraGuard® Flea & Tick products.

In 2000 J. W. Childs Associates, LP, a leading private equity investment firm, purchased the Hartz Mountain Corporation, giving a renewed focus to research and development. The result was a collection of



innovative products such as Dentist's Best® dog chews. Sumitomo, one of the world's leading integrated global trading firms, with trade, distribution, and diversified industrial and consumer goods, acquired Hartz in 2004.

### THE PRODUCT

Today Hartz is over 1,500 products strong, and it's hard to think of a type of pet whose healthy and happy life the brand isn't devoted to: dogs, cats, parakeets, canaries, parrots, cockatiels, finches, goldfish, tropical fish, reptiles, ferrets, chinchillas, guinea pigs, hamsters, and rabbits. Hartz has never lost its fundamental love of pets, which has guided the brand's expansion and focus

### RECENT DEVELOPMENTS

Hartz is full of unlimited ideas for new pet products: from advanced flea and tick protection and emerging wellness science to imaginative toys. The company consistently strives to offer exciting new ways for your pet to stay happy, healthy, and thriving.

In 2008 Hartz introduced Crunch 'n Clean biscuits, which are not only better for dogs' teeth, they taste great. This innovative line of biscuits and cat treats contains DentaShield®, a patented technology developed at the Indiana University School of Dentistry by a team of researchers led by Dr. George Stookey, a pioneer in fluoride research and preventative dentistry for animals and humans. Only Hartz Crunch 'n Clean biscuits and cat treats have DentaShield, which is clinically proven to reduce tartar formation for cleaner teeth. DentaShield makes Hartz biscuits and treats a more effective way to easily take care of your cats' or dogs' teeth between brushings and professional cleanings. Hartz took its successful Crunch 'n Clean biscuit line one step further in 2011 and



extended it to the new Mini-Bites treats for smaller dogs, the fastest-growing segment of the market.

As dental disease affects up to 80 percent of pets over the age of three, Hartz's focus on dental health does not stop with Crunch 'n Clean. The Hartz Chew 'n Clean® dog toy line offers a range of toys that satisfy the chewing needs of most dogs.



The Dental Duo™ line combines a hard nylon shell with a tasty bacon-flavored center that includes the same great DentaShield ingredient to block tartar formation.

Hartz recently launched an innovative toy line called Duraplay®. Not your average latex toy, these fun shapes have a foam-filled core for an unmatched chewing experience, and they come in colors that dogs can actually see. Chewing is only part of the playtime fun as the company also launched the Hartz Tuff Stuff® line of toss-and-retrieve toys designed with ballistic nylon to withstand that tigger in the family who always puts up a fight.



### BRAND VALUES

Hartz understands that the relationship you have with your pet is unique and special, and Hartz honors that relationship every day, in everything the company does. The pet people at Hartz don't just strive to understand the human-animal bond, they live it. Hartz offers the finest-quality pet supplies to help your pet live a healthier, happier, and longer life. The brand is solely focused on delivering exceptional pet care products for consumers that are held to the strictest standards of leading regulatory bodies, such as the U.S. Environmental Protection Agency and Food and Drug Administration. Hartz works with a network of internal and external pet experts to deliver products designed to help pet parents provide top-quality pet care. Hartz's love of pets is reflected in its entire line of products.

\* Excluding Walmart.



Hartz historically had only sold products and services in the United States and Canada. Since joining the Sumitomo family, Hartz is now sold in over 50 countries around the world, including Russia, the United Kingdom, Mexico, and Japan.

### PROMOTION

Year-round flea and tick protection is vital to your pet's health. That's why Hartz is committed to providing vet-quality flea and tick protection at half the price. For the past three years, Hartz has campaigned to educate consumers and vets alike that paying higher prices for flea and tick treatments does not guarantee better flea and tick protection. This initiative has included sponsorship of AVMA events, a radio tour with WCBS radio's Dr. Elizabeth Cohen, DVM, and most recently a television campaign.

Hartz also supports the AVMA's annual Pet Dental Health month each February to get the word out to pet parents about proper dental care.

### THINGS YOU DIDN'T KNOW ABOUT HARTZ

- Hartz employees are allowed to take their pets to work every day, and they often do. (Yes, they sometimes literally have cat fights in the office — meow!)
- The majority of Hartz products are made in the United States at Hartz-owned facilities in Ohio and Indiana.
- In 2010 Hartz donated pet supplies and cash to over 125 shelters and pet rescues throughout the United States and Canada.
- More than 50 percent of pet parents buy at least one Hartz product each and every year.