

Pet Food Price Increase

Ingredient prices for pet food continue to increase dramatically as the result of volatility in the grain, fat and protein markets which is driven by the pressure on grains from ethanol production and the pressure on protein and fat sources from bio-diesel. Just in December alone, the price of soybean meal moved up significantly causing over a \$60 per ton increase in Chicken by-product meal which on a 50 lb. bag of pet food would be close to \$0.40 per bag. New contracts for 2008 Lamb Meal are up over \$100/ton depending upon supplier.

Due to continued ingredient price increases in the marketplace, we are no longer able to absorb these rising costs. Therefore, we will be raising prices on all of our pet foods ranging from **8% - 14%**. This includes:

Achieve®

Crossroads®

Red Flannel®

Country Acres®

Exclusive®

PMI Nutrition Focus Brands – Canine Advantage®, Bites & Bones, Feline Medley®, Resourceful®, and Gravy Crunches®

Happy Hound® Dog Biscuits

This price increase will vary by product and will go into effect **February 4, 2008**.

Pet Food Business Group