



Dearest Customer,

I am pleased to provide you with my inaugural letter on Dog Gone Smart Pet Products. Now in our third year, demand for our innovative and revolutionary Dog Gone Smart pet products continues to grow all over the world. We are fortunate that the global pet industry as a whole has maintained steady growth despite the downturn in worldwide markets, to become a \$45 billion industry.

As the worldwide licensee of NanoSphere® finishing technology, for the pet industry, we have had the good fortune over the past year to develop several new dog and cat bed styles, all-weather dog jackets, and have expanded our product portfolio to include horse wear including saddle pads, turnout sheets and blankets. This year, in addition to expanding the line to collars and leashes, I am excited to announce that we will introduce the world's first technology-based, all-natural biodegradable pet bed and crate pad. These beds and crate pads are designed to biodegrade in relatively short time periods (years vs. decades or centuries) and even the zippers are biodegradable. Our trademark is "Leave No Paw Print(TM)." This tagline is very much in keeping with our strategic brand identity, which is one of bringing the world's smartest pet products to market.

In addition to new product introductions, we have also worked diligently to consistently expand our global distribution network and build market share. Dog Gone Smart pet products are now sold in more than 28 countries, and four continents through new distributors and retailers.

Based on the increasing success of our Dog Gone Smart pet products, we have witnessed many 'me-too' products come to market touting similar features and benefits. It is important to note that Dog Gone Smart is the worldwide licensee of Switzerland-based Schoeller Technologies AG NanoSphere® fabric finishing technology, and are the only pet products on the market today that are certified nanotechnology-based products for the pet industry.

In 2010, our goal is to continue to improve our global supply chain, provide excellent customer service, and build our market share into other countries and continents. We also plan to expand our product offering beyond our current portfolio of signature pet beds, apparel and Horse wear. We continue to be extremely grateful for your support and look forward to a very positive and productive year ahead!

Thank you for your business,

Christopher Onthank
CEO
Dog Gone Smart
Nano Pet Products, LLC