



**Our Mission:**  
To be the most trusted brand in the pet ownership experience.



## Company Overview

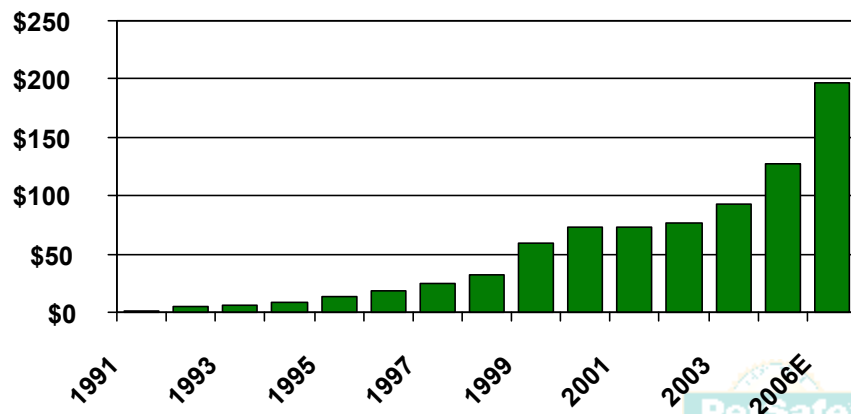
- Mission: 1) Be the most trusted brand in pet care  
2) Achieve \$1 Billion in annual revenue by 2014
- RSC is a privately held company with annual sales in excess of \$196 Million (2006E).
- Market leadership in all key categories and the #1 Brand in the category.
- 360 associates globally, with facilities in Knoxville (2), Jackson TN, California, Canada, Preston England, The Netherlands, Belgium and China.

# History

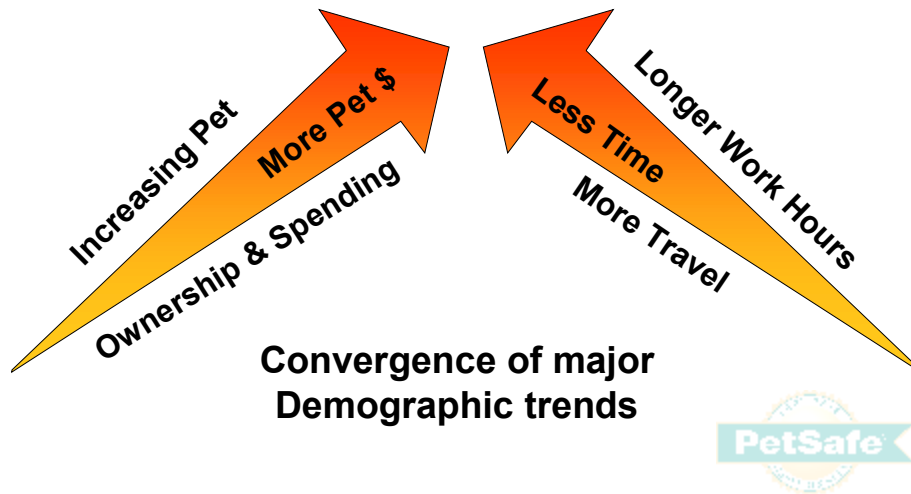


## Radio Systems Growth

(44.1% annual compounded revenue growth rate)



## What fuels this demand?



## Solutions Customers are looking for

Responsible solutions for the responsible pet owner

Over 400 SKU's including solutions for...

- Housebreaking
- Feeding when away
- Behavior
- Containment
- Products and Services!

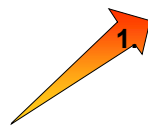


# Operating Strategy

- **Focus on core competencies**
  - Marketing
  - Technology/Product Development
- **Market Leadership: #1 or not at all!**
- **Efficiency through simplicity**
- **Empowerment**
  - Complete access to information
  - Continuous Improvement Teams
  - Team-wide profit sharing



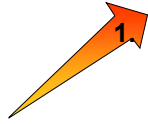
# Growth Strategy



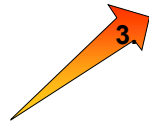
**Increase market penetration from 2% to 20%**



## Growth Strategy



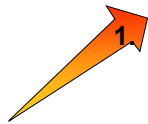
Increase market penetration from 2% to 20%



Increase category ownership through acquisitions



## Growth Strategy



Increase market penetration from 2% to 20%



Technology driven product development



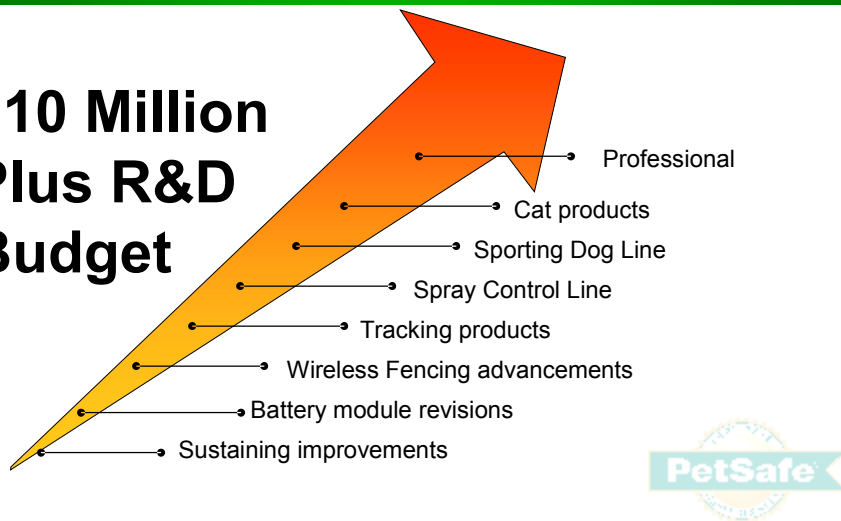
# History of Product Success

• Over 75 New products in the last 5 years.



# Over 30 Active Projects

**\$10 Million Plus R&D Budget**



# Strategic Business Units

We will exploit our technology core competency in highly focused niches within the pet industry and then leverage that innovation with our best in class distribution and marketing.

Strategic Business Unit strategy – *Better Products Faster!*

- Professional
- International
- SportDog
- PetSafe Village
- DIY Containment
- Training
- Pet Access (pet doors)
- Pet Lifestyles
- Pet Location (GPS tracking)



## DIY Containment SBU

- RF Technology and Miniaturization
- VLSI Chip



Result: Superior performance, lower cost



# Training SBU

**Nano  
Products**

## Bark Control



46.4% smaller  
volume than DBC-  
100 (2.20 cubic  
inches down to 1.18  
cubic inches)

## Spray Bark



**PetSafe**



## Remote Trainer

**PetSafe**

# Pet Doors 2006







## Lifestyles SBU

- Convenience:
  - ✂ Simply Clean Auto Litter Box
  - ✂ Automatic Feeders/Waterers
  - ✂ Waste Removal



## Lifestyles SBU

- Interactive:

- ✂ Stay! Mat: The Wireless Crate



## Lifestyles SBU

- From Cat purr research to:

- ✂ Wellness Bed
  - ✂ Wellness Cuddler
  - ✂ Heated Pads



# PetSafe Professional

Objective: Grow from \$4m to \$32m, from #3 to #1!

Strategy: - out flank with broader line

- out flank with company owned stores.



# Innovations

Tracking and pet location



- 9 Million dogs euthanized each year
- 30% were just lost
- Millions more lost but not found by shelters
- \$7 million existing hunting market
- Radio telemetry and GPS solutions

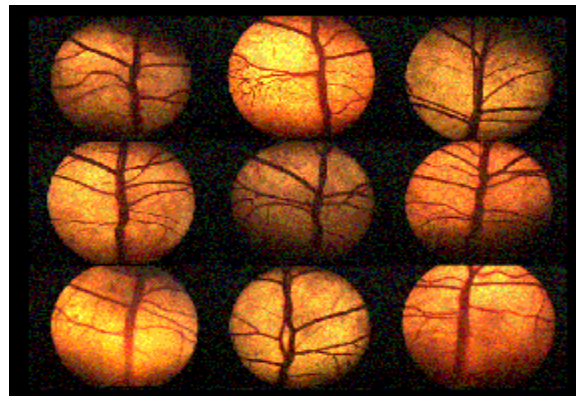
# Innovations

## Pet identification

- 150,000,000 cats and dogs require positive identification.
- Strong revenue, branding, and database opportunity if we can reach new dog and cat owners.
- But, problems with conventional options:
  - Tags get lost, and are one-time programmable
  - Tattooing is painful, can be altered and hard to find.
  - Microchipping is expensive, inconvenient, painful, and can be unreliable (wrong reader, migrated chip, duplicated chip)



## Peteye-D



# The PetSafe Village

- **PetSafe Behavior and Training Center**
- Leadership goes to those who understand their customer best.
- Leverageable
  - - \$4 billion industry
  - - Fragmented: 11,000 facilities, largest chain is 30 stores



# Our Values

- **Try. Try a lot of stuff and keep what works.**  
Mistakes are recognized as a part of the learning and growing process. The only failure is failure to try.



## Our Values

- **Honesty. Our integrity is more important than short-term profit.** We are open and honest with our fellow associates, our customers, our vendors and our stockholders.



## Our Values

- **Environment. We create an environment of openness, equality, and teamwork.**



## Our Values

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- **Win-Win-Win solutions.** We believe in finding Win Win Win solutions to every problem or opportunity.



## Our Values

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- **Listen.** We identify consumer needs, meet them, and let consumers know about it.



## Our Values

- **Improvement. Continuing improvement** in our company, our products, and ourselves is fundamental to our culture.



## Our Values

- **Last. We're built to last.** Radio Systems will be built, through its culture and its practices, to last for many generations.







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## General observations on Innovation and Invention

- Listening is obvious but not easy.
- Include associates, customers, vendors, and consumers in your innovation process e.g. Idea Fetch.
- First, find a market.
- “The Structure of Scientific Revolutions” – Thomas Kuhn.
- “The Innovators Dilemma” – Clayton Christensen

