

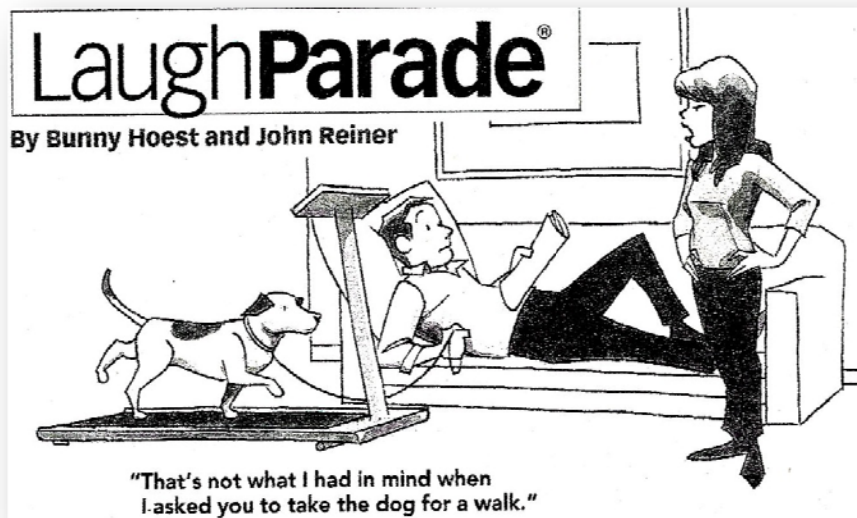


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HydroHound I & II Product Overview



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Introduction

We are excited to present the HydroHound aquatic treadmill system. Our company has designed and manufactured an aquatic treadmill unit specifically for your canine clientele. The unit is constructed of high quality materials and would be an asset to any animal hospital or rehabilitation center.

HydroHound is a family owned company which cares deeply for the care and treatment of animals and has designed this unit to be used in conjunction with traditional or non-traditional forms of treatment. The unit is easy to operate and promotes wellness by offering a stress free form of exercise which will aid in both fitness and rehabilitation after injury or surgery.

In this packet you will find comparisons of the two units we offer, as well as other information about operation of the units that you will find useful.

After reviewing this packet, if you have any additional questions about the HydroHound water treadmill system, please feel free to give us a call at 541-281-2812 or e-mail us at: info@hydrohound.com . We look forward to hearing from you.



Benefits



HydroHound I & II underwater treadmill systems are an excellent choice for cost effective rehabilitation, hydrotherapy and conditioning service for your canine clientele. The benefits of the submerged treadmill spa are full cardiovascular exercise, rehabilitation after injury or surgery and increased range of motion.

Buoyancy of the water displaces body weight while contact with the treadmill, together with the thrust of walking against water, produces sufficient concussion to promote bone density and muscle development. The massaging action of the four water jets stimulate nerve and muscle tissue and are more consistent than hand massage, not to mention, less work.

Summary of units

We have two different units available for purchase. These are the HydroHound I and HydroHound II (HHI, HHII). Both units are built by us for you at the time of order. We are happy to discuss design modifications, and if possible, accommodate your needs. HydroHound systems are designed to be the most comprehensive workable and safe tool for the rehabilitation and conditioning of canines. We do not start with a 'bare bones' unit then charge for all the options. All options come standard.

HydroHound I: Self contained unit

This unit contains a water storage tank. The storage tank is also the platform for the treadmill space and machinery housing. This compact design requires less floor area and less site preparation for installation.

Dimensions:

90"L, 84" W, 48"H – Without loading ramp

138"L, 84" W, 48"H – With 4' removable loading ramp



HydroHound II: Tankless unit

This unit does not include the water storage tank found in the HHI. This system was designed for facilities that have access to boilers for a continuous hot water supply, or for those who prefer not to store water because of limited space. HHII provides all the same features as the HHI, except water storage and water heating.

Dimensions:
68"L, 30" W, 47"H

Components:

Water storage tank

This 275 gallon (approx.) water storage tank is found only on the HHI unit. With dimensions of 90"x48"x13", it serves as the platform for the treadmill, spa, and machinery housing. It is constructed of durable PVC plastic.

Features:

- Access hatch is provided at top of tank for hose out and cleaning
- 1 ½" coupler on bottom side for manual drain if needed.
- Operations deck along the top side of the tank is covered in ½" ribbed rubber safety matting.

Treadmill

The treadmill is found on both HHI and HHII units. With dimensions of <insert dimensions> it provides plenty of surface area for dogs of all sizes.

Features:

- Stainless steel frame
- Continuous ¼" belt with no sown or stapled seams
- Speed from 0 to 8 mph
- May be operated dry, without water or jets running

Spa

The spa housing is the heart of the HydroHound units. It is constructed of clear and white PCV plastic, with dimensions of 68"L x 30"W x 47"H.

Features:

- Entry door is clear PVC with steel framing. Door swings outward for ease of use and is attached with three adjustable hinges. The door handle operates the locking mechanism and is also adjustable. Door and locking mechanism can be operated from the inside of the spa.
- Removable man-walk located along the inside walls of spa. Operator can stand off moving treadmill when assisting dogs.
- Water diversion valve bypasses the water storage tank and empties spoiled water directly to floor drain.
- Access ramp is covered with ribbed rubber non-slip matting (HHI only)
- Adjustable harness and tether attachment help to stabilize and balance dogs.
Harness and tether not included.
- Steel reinforced frame constructed of powder coated steel tubing surround the spa.

Jets

Water therapy jets are standard equipment on both HydroHound systems. Jets consist of 4 different jets (two per side), which are directional as well as flow velocity adjustable.

Machinery housing

Constructed of white PVC plastic, it is located behind the treadmill spa, and over the water storage tank (HHI). The housing is slatted for ventilation. Machinery is accessed by two removable sliding doors.

Digital Control Panel

The stainless steel operation control box is mounted the treadmill spa with moveable brackets so that it is adjustable for operator's convenience. The Control Panel includes labeled push buttons for pump operation, treadmill speed control, and electronic Time-Distance-Speed display. The Control Panel has a high visibility screen to easily monitor the system. With this System you may also set a countdown timer that will sound an alarm to let you know when the time has ended. This is very useful for doing timed intervals, or short timed sessions. The Digital system also allows you to set preset speeds for easier, and quicker operation.



Machinery

The HydroHound units utilize the following machinery:

- Jet pump 1hp
- Fill Pump 2hp
- Drain Pump 2hp
- Filter Pump 2hp
- Water Heater 5.5kw (HHI)
- Electric motor 2hp

Comparison

Here is how our HydroHound units compare to some competitors. All features other have as 'Optional' we include standard. We do this so that when you purchase a system, it is ready to go from the start. There is no need to accessorize. We also can customize systems for your individual needs. Some common customizations are: Logo/Name on the System, Different colors, and different entrance ramps.

Features	HydroHound	West Coast	Ferno
Variable Speed Treadmill	Standard	Standard	Not Available
Hydro Jets	Standard	Optional	Optional
Quick Release Valve	Standard	Optional	Optional
Water Filtration System	Standard	Standard	Standard
Water Holding Tank	Standard on HH1 Model	Standard	Optional
Digital Control System	Standard	Optional	Optional
Custom	Available	Not Available	Not Available

Pricing

(as of September 10th, 2008)

HydoHound I - \$31,500

HydroHound II – \$28,500

Payment terms for any unit include a deposit of half the full purchase price at time of order. Remaining balance is due one week prior to shipping. Product price does not include shipping cost or installation fees. Shipping and installation fees will be determined at the time of order. Shipping and installation fees are due along with final payment one week prior to delivery.

Payback Period

Surprisingly, it won't take long to pay back your investment in a HydroHound unit. Below we have outlined four different scenarios to show just how quickly you can pay off your new purchase.

These scenarios assume a session length of 15-20 minutes each, four sessions per hour, and an employee operating the machine being paid at \$15/hour. This also includes the operating costs outlined in the next section.

Note that 16 sessions each day works out to approximately 4 hours of operation, while 28 sessions each day corresponds to 7 hours of operation. This leaves one hour afterwards to clean the unit and get it ready for the next day.

Price/Session \$	Session/Day	Gross/Week \$	Gross/Month \$	Payback Period (Months)
35	8	1209	4838	6.5
35	16	2419	9676	3.2
65	16	4819	19276	1.6
35	28	4289.5	17158	1.8
65	28	8489.5	33958	1.0

As you can see, even with a conservative price per session and number of sessions each day, the payback period is less than four months. With more aggressive pricing, the unit pays for itself much sooner, as is expected.

Operation costs

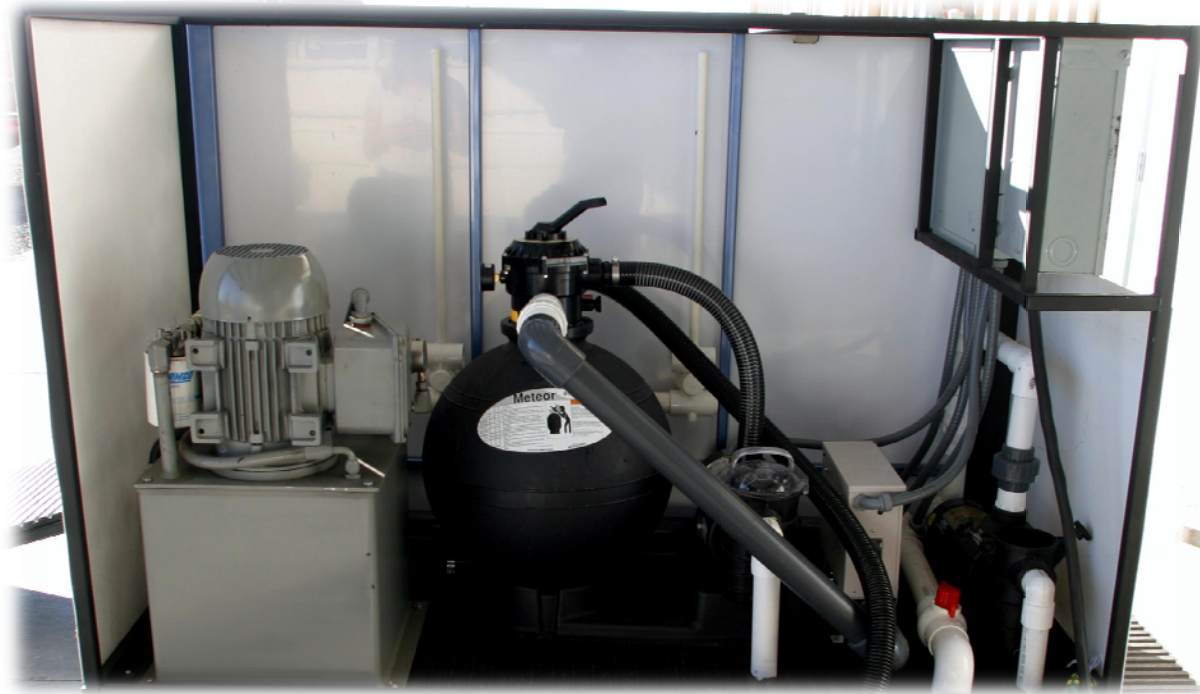
There are three different operation costs associated with the HydroHound I unit. These are electrical costs, water costs, and employee costs.

The unit will draw an average of 1kW for each 20 minutes session it is in use. In most areas, this will cost between 6 and 12 cents. With the highest usage (shown above), this will cost approximately \$3 each day, and \$65 each month.

Water stored in the unit will have to be changed every so often. This depends mainly on the type of dogs using the unit, as well how well the filters are cleaned. If we assume that one tank full of water (275 gallons) will last one day under the heaviest usage, the unit will use 5500 gallons in a month. In most areas, this will cost approximately \$65 a month. Typically water will last a week or more.

By far the highest cost of operation is paying the employee to operate the unit. This should also include up to an hour each day to clean the unit and to prepare it for the next day.

If this is not possible we suggest hiring a local pool/spa shop to perform this cleaning for you. Pool/Spa shops have the ability to easily clean your HydroHound System.



Installation requirements

Prior to installing a HydroHound unit, there are certain requirements the installation site has to have. These include:

- Solid, flat floor surface
- Cold water supply
- Hot water supply (HHII only)
- Minimum 2" floor drain
- Power source, GFCI protected, 240v, 60 amp
- Compliance with National Electric Code and all local codes/regulations

The standard installation price is \$3000 which also includes basic training on how to use the unit, as well as assisting in setting up a cleaning schedule with a local pool/spa company if desired.

International installations are also possible. The price is per job, and depends on the Country, time of year, etc.

Maintenance schedule/needs

The HydroHound Treadmill System is designed for hours of continuous use. The equipment is exposed to water, chemicals, hair and often multiple operators. For optimum operation of the unit it is critical that routine cleaning and maintenance is performed on the unit.

Some veterinary facilities are able to perform the maintenance work themselves, while others find it more economical to have a service contract with a pool/spa supplier in their area, utilizing their professional expertise. No matter how you choose to have the work completed, it is vital for proper operation of the unit to complete a full maintenance and cleaning of the unit regularly. Failure to do so could create problems with the system, which may cause malfunctions and lead to an overall shortening of the units life span.

Routine maintenance recommendations for the HydroHound Treadmill system are as follows:

1. Hair accumulation in the HydroHound system requires special attention.
 - a. Hair and grime may accumulate on the treadmill rollers and housing. This area must be hosed down and/or dry vacuumed periodically.
2. Filters gradually become clogged, reducing their effectiveness and causing wear and eventual failure of the HydroHound System's ability to operate at peak efficiency.
 - a. At preset time intervals, a filter change LED will be activated on the control box. This is to indicate the filters need to be checked and cleaned if necessary.
 - b. Completely purging the water storage tank on the HydroHound I (HHI) System and re-filling it with clean water once a week is important. Testing stored water for chemical and ph balance along with visual inspection for hair and foreign material should be done daily.
 - c. The use of an antibacterial product such as chlorine or baquacil is also recommended.

PLEASE NOTE THAT IT IS THE RESPONSIBILITY OF THE PURCHASER TO PROPERLY CLEAN AND MAINTAIN THE HYDROHOUND SYSTEM. FAILURE TO DO SO MAY VOID THE PURCHASER'S WARRANTY CONTRACT AS WELL AS DAMAGE THE EQUIPMENT.

Warranty

Hydro Hound warrants in accordance with provisions below, to the original owner and purchaser for a period of twelve (12) months from date of delivery, that this Hydro Hound Unit is free from defects in material and/or workmanships. Hydro Hound's obligation under this warranty is to repair or replace, at Hydro Hound's election without charge, any part or parts of unit which, in the judgment of Hydro Hound, prove to be defective.

THIS WARRANTY AND HYDRO HOUND'S OBLIGATION HEREUNDER IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTY OF FITNESS FOR PARTICULAR PURPOSE. All other obligations or liabilities of Hydro Hound for incidental and consequential damages resulting from the design, manufacture, sale or use of the unit. No person is authorized to make any warranty or to assume for Hydro Hound any liability not strictly in accordance with this warranty.

This warranty shall not apply to any unit or machine part which in the judgment of Hydro Hound, has been altered or tampered with in any way or has been subjected to misuse neglect, or accident, or has had the serial numbers altered, effaced or removed.

This warranty does not apply to electrical motors, sand filters, electrical heater, plastics or other component parts not manufactured by Hydro Hound, except to the extent of the individual manufactures guarantee.

1. This warranty does not cover conditions and damages resulting from any of the following:
 - A. Improper installation, delivery, or maintenance.
 - B. Any repair, modification, alteration or adjustment not authorized by the manufacturer or an authorized servicer.
 - C. Misuse, abuse, accidents, or unreasonable use.
 - D. Incorrect electric current, voltage or supply.
 - E. Improper setting of any control.
 - F. Failure to perform regular maintenance as described in the User Manual.
2. Consequential or incidental damages sustained by any person or animal as a result of any breach of these warranties.

Hydro Hound will continually strive to improve its products and therefore reserves the right to make improvements or change when it becomes practical and possible to do so, without incurring any obligations to make changes or additions to the equipment sold previously.

Financing Options

1. Highland Capital Corporation

415 West Golf Road, Suite 10, Arlington Heights, IL 60005

Contact Person--Peggy Nielsen--877-327-4422

www.highlandcc.com

2. Innovative Lease Services

5931 Priestly Dr, Suite 205, Carlsbad, CA 92008

Contact Person--Kendall Edwards--800-438-1470

www.ilslease.com