

December 31, 2009

Re: Current Economic Environment for Veterinarians in California – November

Dear Friends and Colleagues,

As we mentioned in our previous letters, our nation's economy has been struggling, and the veterinary industry, usually resilient during tough financial times, has felt this slowdown.

Given the current state of events, we thought it would be a useful service to our clients, colleagues, and friends to track how the veterinary industry is performing throughout California. The previous letters reported the results for October 2008 through October 2009. **This letter looks at November 2009.**

We are currently tracking monthly revenue numbers for almost **one-hundred and thirty-five practices**. We have segregated these practices into three classes: Small Animal – Southern California (up to and including Bakersfield), Small Animal – Northern California, and Specialty, Emergency & Referral.

The results are attached to this letter. We are tracking:

- How our industry performed for the first eleven months of 2009, as compared to 2008.
- How our industry performed during the month of November 2009, as compared to November 2008.
- How the above numbers look after removing any price increases in 2009. This gives us the true growth/decline of these practices.

Page 2

According to our numbers, it appears that there was a rebound in November.

Small animal general practices in both Northern and Southern California saw revenue increases of around 3% for the month, as compared to 2008. Factoring in price increases, however, both regions were essentially flat.

Specialty, emergency and referral practices fared better than they have all year, reporting small revenue decreases of 1% to 4% for the month, compared to the prior year.

It appears that the results for December were extremely weak, however. We will gather December 2009 data, and once it has been analyzed will send you the results.

The more veterinary practices that we include in our sample, the more accurate a picture we can paint of what is happening economically, so if you know of any practice owners who might like to take part, please let us know. Financial data can be submitted directly to us via our website www.gattomcferson.com. Once they have shared information, they would be added to distribution list. All information will be kept strictly confidential.

Results will also be posted on our website.

Please let us know if you have any questions or comments on the above information.

Sincerely,



Tom A. McFerson, CPA

**Veterinary Practice Performance in California
November 2009**

	Gross Revenues			
	<u>One Month Ended September 30, 2009</u>	<u>One Month Ended October 31, 2009</u>	<u>One Month Ended November 30, 2009</u>	<u>Eleven Months Ended November 30, 2009</u>
<u>Small Animal - Southern California</u>				
Increase/(decrease) as compared to prior year	-3.87%	-1.98%	3.22%	1.04%
Increase/(decrease) as compared to prior year - adjusted for price increases	-7.28%	-5.41%	-0.22%	-1.56%
<u>Small Animal - Northern California</u>				
Increase/(decrease) as compared to prior year	0.67%	0.71%	3.06%	2.13%
Increase/(decrease) as compared to prior year - adjusted for price increases	-2.79%	-2.55%	-0.05%	-0.62%
<u>Specialty/Emergency - California</u>				
Increase/(decrease) as compared to prior year	-5.93%	-0.04%	-0.13%	-4.08%
Increase/(decrease) as compared to prior year - adjusted for price increases	-9.48%	-3.87%	-3.88%	-7.23%