

DEUTSCHE BANK AKTIENGESELLSCHAFT
Form 424B2
March 17, 2015

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Capped Leveraged Basket-Linked Notes due September 21, 2016	\$4,800,000.00	\$557.76
(1)	Calculated in accordance with Rule 457(r) of the Securities Act of 1933.	

Pricing Supplement No. CA2376B
Registration Statement No. 333-184193
Filed Pursuant to Rule 424(b)(2)

Deutsche Bank AG
\$4,800,000

Capped Leveraged Basket-Linked Notes due September 21, 2016

The notes do not pay interest or dividends and do not guarantee any return of your investment. The amount that you will be paid on your notes on the stated maturity date (September 21, 2016) is based on the performance of an unequally weighted basket (the "Basket") consisting of the EURO STOXX 50® Index (37.00% weighting), the FTSE® 100 Index (23.00% weighting), the Tokyo Stock Price Index (23.00% weighting), the Swiss Market Index (9.00% weighting) and the S&P/ASX 200 Index (8.00% weighting), as measured from the trade date (March 13, 2015) to and including the determination date (September 16, 2016). The initial basket level is 100 and the final basket level on the determination date will equal the sum of the values, as calculated for each basket underlier, of (i) the final underlier level on the determination date divided by (ii) the initial underlier level (3,656.21 with respect to the EURO STOXX 50® Index, 6,740.58 with respect to the FTSE® 100 Index, 1,560.33 with respect to the Tokyo Stock Price Index, 9,156.02 with respect to the Swiss Market Index and 5,814.543 with respect to the S&P/ASX 200 Index) multiplied by (iii) the applicable initial weighted value for each basket underlier. If the final basket level is greater than the initial basket level, the return on your notes will be positive, subject to the maximum settlement amount of \$1,306.00 for each \$1,000 face amount of notes. If the final basket level is equal to the initial basket level, you will receive the face amount of notes. If the final basket level is less than the initial basket level, the return on your notes will be negative. In this circumstance, you will lose some or all of your investment in the notes. Any payment on the notes is subject to the credit of the Issuer.

To determine your payment at maturity, we will calculate the basket return, which is the percentage increase or decrease in the final basket level from the initial basket level. On the stated maturity date, for each \$1,000 face amount of notes, you will receive an amount in cash equal to:

- if the basket return is positive (the final basket level is greater than the initial basket level), the sum of (i) \$1,000 plus (ii) the product of (a) \$1,000 times (b) 2.00 times (c) the basket return, subject to the maximum settlement amount;
 - if the basket return is zero (the final basket level is equal to the initial basket level), \$1,000; or
- if the basket return is negative (the final basket level is less than the initial basket level), the sum of (i) \$1,000 plus (ii) the product of (a) \$1,000 times (b) the basket return. In this circumstance, you will receive less than \$1,000, and you will lose some or all of your investment in the notes.

A decrease in the level of one or more basket underliers may offset increases in the levels of the other basket underliers. Due to the unequal weighting of each basket underlier, the performances of the EURO STOXX 50® Index, the FTSE® 100 Index and the Tokyo Stock Price Index will have a significantly larger impact on your return on the notes than the Swiss Market Index or the S&P/ASX 200 Index. Your investment in the notes involves certain risks,

including, among other things, our credit risk. See “Risk Factors” beginning on page 2 of the accompanying prospectus addendum, “Risk Factors” beginning on page 7 of the accompanying product supplement and “Selected Risk Considerations” beginning on page PS-15 of this pricing supplement.

The Issuer’s estimated value of the notes on the trade date is \$984.50 per \$1,000 face amount of notes, which is less than the original issue price. Please see “Issuer’s Estimated Value of the Notes” on page PS-2 of this pricing supplement for additional information.

You should read the additional disclosure provided herein so that you may better understand the terms and risks of your investment.

Original issue date:	March 20, 2015	Original issue price:	100.00%* of the face amount
Underwriting discount:	1.34% of the face amount	Net proceeds to the Issuer:	98.66% of the face amount

The agent for this offering is Deutsche Bank Securities Inc. (“DBSI”), an affiliate of ours.

*The original issue price will be 98.66% of the face amount for certain investors that purchase and hold the notes in fee-based advisory accounts. For more information, see “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement.

By acquiring the notes, you will be bound by, and deemed to consent to, the imposition of any Resolution Measure (as defined below) by our competent resolution authority, which may include the write down of all, or a portion, of any payment on the notes. If any Resolution Measure becomes applicable to us, you may lose some or all of your investment in the notes. Please see “Resolution Measures” on page PS-3 of this pricing supplement for more information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the accuracy or the adequacy of this pricing supplement or the accompanying underlying supplement, product supplement, prospectus supplement, prospectus and prospectus addendum. Any representation to the contrary is a criminal offense.

The notes are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The original issue price, underwriting discount and net proceeds listed above relate to the notes we sell initially. We may decide to sell additional notes after the date of this pricing supplement, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above. The return (whether positive, zero or negative) on your investment in notes will depend in part on the issue price you pay for such notes.

March 13, 2015

ISSUER'S ESTIMATED VALUE OF THE NOTES

The Issuer's estimated value of the notes is equal to the sum of our valuations of the following two components of the notes: (i) a bond and (ii) an embedded derivative(s). The value of the bond component of the notes is calculated based on the present value of the stream of cash payments associated with a conventional bond with a principal amount equal to the Face Amount of notes, discounted at an internal funding rate, which is determined primarily based on our market-based yield curve, adjusted to account for our funding needs and objectives for the period matching the term of the notes. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the notes, reduces the economic terms of the notes to you and is expected to adversely affect the price at which you may be able to sell the notes in any secondary market. The value of the embedded derivative(s) is calculated based on our internal pricing models using relevant parameter inputs such as expected interest and dividend rates and mid-market levels of price and volatility of the assets underlying the notes or any futures, options or swaps related to such underlying assets. Our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect.

The Issuer's estimated value of the notes on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Original Issue Price of the notes. The difference between the Original Issue Price and the Issuer's estimated value of the notes on the Trade Date is due to the inclusion in the Original Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the notes through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge.

The Issuer's estimated value of the notes on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your notes in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the notes from you in secondary market transactions, if at all, would generally be lower than both the Original Issue Price and the Issuer's estimated value of the notes on the Trade Date. Our purchase price, if any, in secondary market transactions will be based on the estimated value of the notes determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the notes and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our notes for use on customer account statements would generally be determined on the same basis. However, during the period of approximately three months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between the Original Issue Price and the Issuer's estimated value of the notes on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

RESOLUTION MEASURES

On May 15, 2014, the European Parliament and the Council of the European Union published a directive for establishing a framework for the recovery and resolution of credit institutions and investment firms (commonly referred to as the “Bank Recovery and Resolution Directive”). The Bank Recovery and Resolution Directive requires each member state of the European Union to adopt and publish by December 31, 2014 the laws, regulations and administrative provisions necessary to comply with the Bank Recovery and Resolution Directive. Germany has adopted the Recovery and Resolution Act (Sanierungs- und Abwicklungsgesetz, or “SAG”), which went into effect on January 1, 2015. SAG may result in the notes being subject to any Resolution Measure by our competent resolution authority if we become, or are deemed by our competent supervisory authority to have become, “non-viable” (as defined under the then applicable law) and are unable to continue our regulated banking activities without a Resolution Measure becoming applicable to us. By acquiring the notes, you will be bound by and deemed to consent to the provisions set forth in the accompanying prospectus addendum, which we have summarized below.

By acquiring the notes, you will be bound by and will be deemed to consent to the imposition of any Resolution Measure by our competent resolution authority. Under the relevant resolution laws and regulations as applicable to us from time to time, the notes may be subject to the powers exercised by our competent resolution authority to: (i) write down, including to zero, any payment (or delivery obligations) on the notes; (ii) convert the notes into ordinary shares or other instruments qualifying as core equity tier 1 capital; and/or (iii) apply any other resolution measure, including (but not limited to) any transfer of the notes to another entity, the amendment of the terms and conditions of the notes or the cancellation of the notes. We refer to each of these measures as a “Resolution Measure.”

Furthermore, by acquiring the notes, you:

- are deemed irrevocably to have agreed, and you will agree: (i) to be bound by any Resolution Measure; (ii) that you will have no claim or other right against us arising out of any Resolution Measure; (iii) and that the imposition of any Resolution Measure will not constitute a default or an event of default under the notes, under the senior indenture dated November 22, 2006 among us, Law Debenture Trust Company of New York, as trustee, and Deutsche Bank Trust Company Americas, as issuing agent, paying agent, authenticating agent and registrar, as amended and supplemented from time to time (the “Indenture”), or for the purpose of the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”);
- waive, to the fullest extent permitted by the Trust Indenture Act and applicable law, any and all claims against the trustee and the paying agent for, agree not to initiate a suit against the trustee and the paying agent in respect of, and agree that neither the trustee nor the paying agent will be liable for, any action that the trustee or the paying agent takes, or abstains from taking, in either case in accordance with the imposition of a Resolution Measure by our competent resolution authority with respect to the notes; and
 - will be deemed irrevocably to have (i) consented to the imposition of any Resolution Measure as it may be imposed without any prior notice by the competent resolution authority of its decision to exercise such power with respect to the notes and (ii) authorized, directed and requested The Depository Trust Company (“DTC”) and any participant in DTC or other intermediary through which you hold such notes to take any and all necessary action, if required, to implement the imposition of any Resolution Measure with respect to the notes as it may be imposed, without any further action or direction on your part or on the part of the trustee, paying agent, issuing agent, authenticating agent, registrar or calculation agent.

This is only a summary, for more information please see the accompanying prospectus addendum dated December 24, 2014, including the risk factor “The securities may be written down, be converted or become subject to other resolution measures. You may lose part or all of your investment if any such measure becomes applicable to us” on page 2 of the

prospectus addendum.

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SUMMARY INFORMATION

You should read this pricing supplement together with underlying supplement No. 1 dated October 1, 2012, product supplement B dated September 28, 2012, the prospectus supplement dated September 28, 2012 relating to our Series A global notes of which these notes are a part, the prospectus dated September 28, 2012 and the prospectus addendum dated December 24, 2014. You may access these documents on the website of the Securities and Exchange Commission (the "SEC") at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

•Underlying supplement No. 1 dated October 1, 2012:

http://www.sec.gov/Archives/edgar/data/1159508/000095010312005120/crt_dp33209-424b2.pdf

•Product supplement B dated September 28, 2012:

http://www.sec.gov/Archives/edgar/data/1159508/000095010312005077/crt_dp33020-424b2.pdf

•Prospectus supplement dated September 28, 2012:

<http://www.sec.gov/Archives/edgar/data/1159508/000119312512409437/d414995d424b21.pdf>

•Prospectus dated September 28, 2012:

<http://www.sec.gov/Archives/edgar/data/1159508/000119312512409372/d413728d424b21.pdf>

•Prospectus addendum dated December 24, 2014:

http://www.sec.gov/Archives/edgar/data/1159508/000095010314009034/crt_52088.pdf

Capitalized terms used but not defined in this pricing supplement have the meanings assigned to them in the accompanying product supplement, prospectus supplement, prospectus and prospectus addendum. All references to "Cash Settlement Amount," "Determination Date," "Final Underlier Level," "Initial Underlier Level," "Stated Maturity Date," "Basket Return" and "Upside Participation Rate" in this pricing supplement shall be deemed to refer to "Payment at Maturity," "Final Valuation Date," "Final Index Level," "Initial Index Level," "Maturity Date," "Underlying Return" and "Upside Leverage Factor," respectively, as used in the accompanying product supplement. All references to "Basket Underlier" shall be deemed to refer to "Basket Component" or "Index" as used in the accompanying product supplement.

If the terms described in this pricing supplement are inconsistent with those described in the accompanying product supplement, prospectus supplement, prospectus or prospectus addendum, the terms described in this pricing supplement shall control.

Our Central Index Key, or CIK, on the SEC website is 0001159508. As used in this pricing supplement, "we," "us" or "our" refers to Deutsche Bank AG, including, as the context requires, acting through one of its branches. This pricing supplement, together with the documents listed above, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in this pricing supplement and in "Risk Factors" in the accompanying product supplement and prospectus addendum, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before deciding to invest in the notes.

The trustee has appointed Deutsche Bank Trust Company Americas as its authenticating agent with respect to our Series A global notes.

Deutsche Bank AG has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offering to which this pricing supplement relates. Before you invest, you should read the prospectus in that registration statement and the other documents relating to this offering that Deutsche Bank AG has filed with the SEC for more complete information about Deutsche Bank AG and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, Deutsche Bank AG, any agent or any dealer participating in this offering will arrange to send you the prospectus, prospectus addendum, prospectus supplement, product supplement, underlying supplement and this pricing supplement if you so request by calling toll-free 1-800-311-4409.

You may revoke your offer to purchase the notes at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the notes prior to their issuance. We will notify you in the event of any changes to the terms of the notes, and you will be asked to accept such changes in connection with your purchase of any notes. You may also choose to reject such changes, in which case we may reject your offer to purchase the notes.

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KEY TERMS

Issuer: Deutsche Bank AG, London Branch

Basket The EURO STOXX 50® Index (Ticker: SX5E)

Underliers:

The FTSE® 100 Index (Ticker: UKX)

The Tokyo Stock Price Index (Ticker: TPX)

The Swiss Market Index (Ticker: SMI)

The S&P/ASX 200 Index (Ticker: AS51)

Specified Currency: U.S. dollars (“\$”)

Face Amount: Each note will have a Face Amount of \$1,000; \$4,800,000 in the aggregate for all the notes; the aggregate Face Amount of notes may be increased if the Issuer, at its sole option, decides to sell an additional amount of the notes on a date subsequent to the date of this pricing supplement.

Original Issue Price: 100.00% of the Face Amount

Purchase at amount other than the Face Amount: The amount we will pay you on the Stated Maturity Date for your notes will not be adjusted based on the issue price you pay for your notes, so if you acquire notes at a premium (or discount) to the Face Amount and hold them to the Stated Maturity Date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at the Face Amount. Also, the Cap Level would be triggered at a lower (or higher) percentage return than indicated below, relative to your initial investment. See “Selected Risk Considerations — If You Purchase Your Notes at a Premium to the Face Amount, the Return on Your Investment Will Be Lower Than the Return on Notes Purchased at the Face Amount and the Impact of Certain Key Terms of the Notes Will Be Negatively Affected” on page PS-20 of this pricing supplement.

Cash Settlement Amount (on the Stated Maturity Date): For each \$1,000 Face Amount of notes, we will pay you on the Stated Maturity Date an amount in cash equal to:

- if the Final Basket Level is greater than or equal to the Cap Level, the Maximum Settlement Amount;
- if the Final Basket Level is greater than the Initial Basket Level but less than the Cap Level, the sum of (i) \$1,000 plus (ii) the product of (a) \$1,000 times (b) the Upside Participation Rate times (c) the Basket Return;
 - if the Final Basket Level is equal to the Initial Basket Level, \$1,000; or
- if the Final Basket Level is less than the Initial Basket Level, the sum of (i) \$1,000 plus (ii) the product of (a) \$1,000 times (b) the Basket Return.

You will lose some or all of your investment at maturity if the Final Basket Level is less than the Initial Basket Level. Any Cash Settlement Amount is subject to the credit of the Issuer.

Initial Basket Level: 100

Initial Weighted Value: The Initial Weighted Value for each of the Basket Underliers is equal to the product of the Initial Weight of such Basket Underlier times the Initial Basket Level. The Initial Weight of each Basket Underlier is shown in the table below:

Basket Underlier	Initial Weight in Basket
EURO STOXX 50® Index	37.00%
FTSE® 100 Index	23.00%
Tokyo Stock Price Index	23.00%
Swiss Market Index	9.00%
S&P/ASX 200 Index	8.00%

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Initial Underlier Level: 3,656.21 with respect to the EURO STOXX 50® Index, 6,740.58 with respect to the FTSE® 100 Index, 1,560.33 with respect to the Tokyo Stock Price Index, 9,156.02 with respect to the Swiss Market Index and 5,814.543 with respect to the S&P/ASX 200 Index

Final Underlier Level: With respect to each Basket Underlier, the Closing Level of such Basket Underlier on the Determination Date

Final Basket Level: The sum of the following, calculated for each Basket Underlier: the Final Underlier Level for such Basket Underlier divided by the Initial Underlier Level for such Basket Underlier times the Initial Weighted Value of such Basket Underlier

Basket Return: The percentage increase or decrease in the Final Basket Level from the Initial Basket Level, calculated as follows:

$$\frac{\text{Final Basket Level} - \text{Initial Basket Level}}{\text{Initial Basket Level}}$$

Upside Participation Rate: 200.00%

Cap Level: 115.30% of the Initial Basket Level

Maximum Settlement Amount: \$1,306.00

Trade Date: March 13, 2015

Original Issue Date: March 20, 2015

Determination Date: September 16, 2016, subject to postponement as described in the accompanying product supplement on page 26 under “Description of Securities — Adjustments to Valuation Dates and Payment Dates.”

Stated Maturity Date: September 21, 2016, subject to postponement as described in the accompanying product supplement on page 26 under “Description of Securities — Adjustments to Valuation Dates and Payment Dates.”

No Interest or Dividends: The notes do not pay interest or dividends.

No Listing: The notes will not be listed on any securities exchange.

No Redemption: The notes will not be subject to any redemption right or price dependent redemption right.

Closing Level: As described under “Description of Securities — Certain Defined Terms” on page 21 of the accompanying product supplement

Business Day: As described under “Description of Securities — Certain Defined Terms” on page 21 of the accompanying product supplement

Trading Day: With respect to each Basket Underlier other than the EURO STOXX 50® Index, Trading Day has the meaning provided under “Description of Securities — Certain Defined Terms” on page 24 of the accompanying product supplement.

With respect to the EURO STOXX 50® Index, notwithstanding the definition of Trading Day provided under “Description of Securities — Certain Defined Terms” on page 22 of the accompanying product supplement, Trading Day means a day, as determined by the Calculation Agent in its sole discretion, on which: (i) the sponsor of the EURO STOXX 50® Index publishes the closing level of the EURO STOXX 50® Index and (ii) trading is generally conducted on the Relevant Exchange for the EURO STOXX 50® Index, notwithstanding any such Relevant Exchange closing prior to its scheduled closing time.

Relevant Exchange: With respect to each Basket Underlier other than the EURO STOXX 50® Index, Relevant Exchange has the meaning provided under “Description of Securities — Certain Defined Terms” on page 22 of the accompanying product supplement.

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With respect to the EURO STOXX 50® Index, notwithstanding the definition of Relevant Exchange provided under “Description of Securities — Certain Defined Terms” on page 22 of the accompanying product supplement, Relevant Exchange means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the EURO STOXX 50® Index.

Use of Proceeds and Hedging: As described under “Use of Proceeds; Hedging” on page 48 of the accompanying product supplement

Tax Consequences: In the opinion of our special tax counsel, Davis Polk & Wardwell LLP, which is based on prevailing market conditions, it is more likely than not that the notes will be treated for U.S. federal income tax purposes as prepaid financial contracts that are not debt. Generally, if this treatment is respected, (i) you should not recognize taxable income or loss prior to the taxable disposition of your notes (including at maturity) and (ii) the gain or loss on your notes should be capital gain or loss and should be long-term capital gain or loss if you have held the notes for more than one year. The Internal Revenue Service (the “IRS”) or a court might not agree with this treatment, however, in which case the timing and character of income or loss on your notes could be materially and adversely affected.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting comments on various issues regarding the U.S. federal income tax treatment of “prepaid forward contracts” and similar instruments. The notice focuses in particular on whether beneficial owners of these instruments should be required to accrue income over the term of their investment. It also asks for comments on a number of related topics, including the character of income or loss with respect to these instruments; the relevance of factors such as the nature of the underlying property to which the instruments are linked; the degree, if any, to which income (including any mandated accruals) realized by non-U.S. persons should be subject to withholding tax; and whether these instruments are or should be subject to the “constructive ownership” regime, which very generally can operate to recharacterize certain long-term capital gain as ordinary income and impose a notional interest charge. While the notice requests comments on appropriate transition rules and effective dates, any Treasury regulations or other guidance promulgated after consideration of these issues could materially and adversely affect the tax consequences of an investment in the notes, possibly with retroactive effect.

You should review carefully the section of the accompanying product supplement entitled “U.S. Federal Income Tax Consequences.” The preceding discussion, when read in combination with that section, constitutes the full opinion of our special tax counsel regarding the material U.S. federal income tax consequences of owning and disposing of the notes.

Under current law, the United Kingdom will not impose withholding tax on payments made with respect to the notes.

For a discussion of certain German tax considerations relating to the notes, you should refer to the section in the accompanying prospectus supplement entitled “Taxation by Germany of Non-Resident Holders.”

You should consult your tax adviser regarding the U.S. federal tax consequences of an investment in the notes (including possible alternative treatments and the issues presented by the 2007 notice), as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

ERISA: As described under “Benefit Plan Investor Considerations” on page PS-46 of the accompanying prospectus supplement

Supplemental Plan of Distribution: As described under “Supplemental Plan of Distribution (Conflicts of Interest)” on page PS-30 in this pricing supplement and “Underwriting (Conflicts of Interest)” on page 49 of the accompanying

product supplement

Calculation Agent: Deutsche Bank AG, London Branch

CUSIP No.: 2515A1MX6

ISIN No.: US2515A1MX63

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Not FDIC Insured: The notes are not bank deposits and are not insured by the Federal Deposit Insurance Corporation (the "FDIC") or any other governmental agency, nor are they obligations of, or guaranteed by, a bank.

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HYPOTHETICAL EXAMPLES

The following table, examples and chart are provided for purposes of illustration only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical closing levels of the Basket or Basket Underliers, as applicable, on the Determination Date could have on the Cash Settlement Amount, assuming all other variables remain constant.

The examples below are based on a range of Final Basket Levels and Final Underlier Levels that are entirely hypothetical; no one can predict what the level of the Basket will be on any day throughout the term of the notes, and no one can predict what the Final Basket Level will be on the Determination Date. The Basket Underliers have been highly volatile in the past — meaning that the levels of the Basket Underliers have changed considerably in relatively short periods — and their performances cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the Trade Date at the Face Amount and held to the Stated Maturity Date. The value of the notes and our purchase price in secondary market transactions after the Trade Date, if any, will vary based on many economic and market factors, including our creditworthiness, and cannot be predicted with accuracy. Any sale prior to the Stated Maturity Date could result in a substantial loss to you.

Key Terms and Assumptions

Face Amount	\$1,000
Upside Participation Rate	200.00%
Cap Level	115.30% of the Initial Basket Level
Maximum Settlement Amount	\$1,306.00

Neither a market disruption event nor a non-Trading Day occurs with respect to any Basket Underlier on the Determination Date

No discontinuation of any Basket Underlier or alteration of the method by which any Basket Underlier is calculated

Notes purchased on the Original Issue Date at the Face Amount and held to the Stated Maturity Date

For these reasons, the actual performance of the Basket over the term of the notes, as well as the Cash Settlement Amount, if any, may bear little relation to the hypothetical examples shown below or to the historical closing levels of each Basket Underlier shown elsewhere in this pricing supplement. For information about the historical closing levels of each Basket Underlier during recent periods, see “The Basket and The Basket Underliers — Historical Information” below.

The levels in the left column of the table below represent hypothetical Final Basket Levels and are expressed as percentages of the Initial Basket Level. The amounts in the right column represent the hypothetical Cash Settlement Amount, based on the corresponding hypothetical Final Basket Level (expressed as a percentage of the Initial Basket Level), and are expressed as percentages of the Face Amount of notes (rounded to the nearest one-hundredth of a percent). Thus, a hypothetical Cash

Settlement Amount of 100.00% means that the value of the cash payment that we would deliver for each \$1,000 of the outstanding Face Amount of notes on the Stated Maturity Date would equal 100.00% of the Face Amount of notes, based on the corresponding hypothetical Final Basket Level (expressed as a percentage of the Initial Basket Level) and the assumptions noted above. Please note that the hypothetical examples shown below do not take into account the effects of applicable taxes. The numbers appearing in the table, paragraphs and chart below may have been rounded for ease of analysis.

Hypothetical Final Basket Level (as Percentage of Initial Basket Level)	Hypothetical Cash Settlement Amount (as Percentage of Face Amount)
200.00%	130.60%
175.00%	130.60%
150.00%	130.60%
125.00%	130.60%
120.00%	130.60%
115.30%	130.60%
115.00%	130.00%
110.00%	120.00%
105.00%	110.00%
100.00%	100.00%
95.00%	95.00%
90.00%	90.00%
80.00%	80.00%
75.00%	75.00%
50.00%	50.00%
25.00%	25.00%
0.00%	0.00%

If, for example, the Final Basket Level were determined to be 25.00% of the Initial Basket Level, the Cash Settlement Amount would be 25.00% of the Face Amount of notes, as shown in the table above. As a result, if you purchased your notes on the Original Issue Date at the Face Amount and held them to the Stated Maturity Date, you would lose 75.00% of your investment.

If you purchased your notes at a premium to the Face Amount, you would lose a correspondingly higher percentage of your investment.

If the Final Basket Level were determined to be 150.00% of the Initial Basket Level, the Cash Settlement Amount would be capped at the Maximum Settlement Amount (expressed as a percentage of the Face Amount), or 130.60% of each \$1,000 Face Amount of notes, as shown in the table above. As a result, if you purchased the notes on the Original Issue Date at the Face Amount and held them to the Stated Maturity Date, you would not benefit from any increase in the Final Basket Level above the Cap Level of 115.30% of the Initial Basket Level.

The following chart shows a graphical illustration of the hypothetical Cash Settlement Amount (expressed as a percentage of the Face Amount of notes), if the Final Basket Level (expressed as a percentage of the Initial Basket Level) were any of the hypothetical levels shown on the horizontal axis. The chart shows that any hypothetical Final Basket Level (expressed as a percentage of the Initial Basket Level) of less than 100.00% (the section left of the 100.00% marker on the horizontal axis) would result in a hypothetical Cash Settlement Amount of less than 100.00% of the Face Amount of notes (the section below the 100.00% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. The chart also shows that any hypothetical Final Basket Level (expressed as a

percentage of the Initial Basket Level) of greater than 115.30% (the section right of the Cap Level of 115.30% marker on the horizontal axis) would result in a capped return on your investment.

PS-10

The following examples illustrate the hypothetical Cash Settlement Amount based on hypothetical Final Underlier Levels, calculated based on the key terms and assumptions above. The levels in Column A represent the Initial Underlier Levels for each Basket Underlier, and the levels in Column B represent the hypothetical Final Underlier Levels for each Basket Underlier. The percentages in Column C represent the hypothetical Final Underlier Levels in Column B expressed as percentages of the corresponding Initial Underlier Levels in Column A. The amounts in Column D represent the applicable Initial Weighted Value for each Basket Underlier, and the amounts in Column E represent the products of the percentages in Column C times the corresponding amounts in Column D. The Final Basket Level for each example is shown beneath each example, and will equal the sum of the five products shown in Column E. The Basket Return for each example is shown beneath the Final Basket Level for such example, and will equal the quotient of (i) the Final Basket Level for such example minus the Initial Basket Level divided by (ii) the Initial Basket Level, expressed as a percentage. The numbers shown below may have been rounded for ease of analysis.

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Example 1: The Final Basket Level is greater than the Cap Level. The Cash Settlement Amount equals the Maximum Settlement Amount.

	Column A	Column B	Column C	Column D	Column E
Basket Underlier	<p>or \$120,000 with insurance paying the remainder). In addition, the Company pays an insurance premium equal to 10% of the reimbursements paid by it up to a maximum of \$12,000 per year. As a result, if Mr. Antin was reimbursed the maximum amount per year during the five year period during which he is entitled to such reimbursement, the amounts set forth in the "Group Life, Medical and Other Company Insurance Plans" row would have to be increased by \$1,010,515. 30 ARTHUR J. ANTIN Mr. Antin's employment agreement, dated as of November 27, 2001, provides for Mr. Antin to serve as our Chief Operating Officer, Senior Vice President and Secretary for a term equal to three years from any given date, such that there shall always be a minimum of at least three years remaining under his employment agreement. (Mr. Antin no longer serves as the Company's Secretary.) The employment agreement provides for Mr. Antin to receive an annual base salary of \$416,000, subject to annual increase based on comparable compensation packages provided to executives in similarly situated companies, and to participate in a bonus plan based on annual performance standards to be established by the compensation committee. Mr. Antin also is entitled to specified perquisites. If Mr. Antin's employment is terminated due to his death, the employment agreement provides that we will pay Mr. Antin's estate his accrued and unpaid salary, his accrued and unused vacation and sick pay, his base salary during the scheduled term of the employment agreement, accelerate the vesting of his options and continue to provide family medical benefits. If Mr. Antin's employment is terminated due to his disability, the employment agreement provides that we will pay Mr. Antin his accrued and unpaid salary, his accrued and unused vacation and sick pay, his remaining base salary during the remaining</p>				

scheduled term of the employment agreement (reduced by any amounts paid under long-term disability insurance policy maintained by us for the benefit of Mr. Antin), accelerate the vesting of his options and continue to provide specified benefits and perquisites. In the case of termination due to death or disability, any unexercised options will remain exercisable for the full term. If Mr. Antin terminates the employment agreement for "cause," if we terminate the employment agreement without cause or in the event of a Change in Control, in which event the employment of Mr. Antin terminates automatically, we will pay Mr. Antin his accrued and unpaid salary, his accrued and unused vacation and sick pay, his remaining base salary during the remaining scheduled term of the employment agreement and an amount equal to three times the greater of Mr. Antin's last annual bonus or the average of all bonuses paid to Mr. Antin under the employment agreement. In addition, we will accelerate the vesting of his options and continue to provide specified benefits and perquisites. In these circumstances, Mr. Antin may exercise his options immediately upon termination and thereafter during the full term of the option. For purposes of this paragraph, for "cause" means as the result of (x) a willful breach of any of the material obligations of the Company to Mr. Antin under the employment agreement following written notice delivered to the Company and a reasonable cure period not to exceed 30 days; or (y) the Company's chief executive offices moving to a location outside of Los Angeles County, California. If Mr. Antin terminates the employment agreement without cause or we terminate the employment agreement for "cause," Mr. Antin is entitled to receive all accrued and unpaid salary and other compensation and all accrued and unused vacation and sick pay. For purposes of this paragraph, for "cause" means for a conviction (including any plea of guilty or no contest) of (x) any felony involving the embezzlement, theft or misappropriation of monies or other property, of the Company or otherwise, or (y) any crime of moral turpitude. If any of the payments due Mr. Antin upon termination qualify as "excess parachute payments" under the Code, Mr. Antin also is

entitled to an additional payment to cover the tax consequences associated with excess parachute payments. In the event of a Change in Control and at our request, Mr. Antin is obligated to continue to serve under the same terms and conditions of his employment agreement for a period of up to 180 days following the termination date at his then-current base salary. 31 THE

FOLLOWING TABLE DESCRIBES THE POTENTIAL PAYMENTS TO MR. ARTHUR J. ANTIN UPON TERMINATION OR CHANGE IN CONTROL. PAYMENTS & BENEFITS BY OFFICER BY OFFICER BY COMPANY BY COMPANY CHANGE IN UPON TERMINATION (1) DEATH DISABILITY FOR CAUSE WITHOUT CAUSE WITHOUT CAUSE FOR CAUSE CONTROL -----

----- ACCRUED & UNPAID SALARY	\$ 20,192	\$ 20,192	\$ 20,192	\$ 20,192	\$ 20,192
(2) ACCRUED VACATION (3)	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --
-- CASH SEVERANCE	1,575,000	1,569,900	2,992,500	2,992,500	2,992,500
ACCELERATION OF STOCK	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --
-- OPTIONS (4) AUTOMOBILE	-- 110,422	110,422	-- 110,422	-- 110,422	CLUB
MEMBERSHIP	-- 50,695	50,695	-- 50,695	-- 50,695	GROUP LIFE, MEDICAL AND
79,256	84,572	84,572	-- 84,572	-- 84,572	OTHER COMPANY INSURANCE PLANS
(5) EXCISE TAX / GROSS-UP	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --	-- -- -- -- --
\$1,428,638	-----	-----	-----	-----	-----
TOTAL	\$ 1,674,448	\$ 1,835,781	\$3,258,381	\$ 20,192	\$3,258,381
	\$ 20,192	\$3,258,381	\$ 20,192	\$4,687,019	

----- (1) Upon the termination of Mr. Antin's employment or a Change in Control, Mr. Antin will receive a lump sum payment consisting of (a) accrued and unpaid salary, (b) cash severance and (c) an additional amount to cover the tax consequences associated with "excess parachute payments" under the Code, if any. All other payments set forth above will be paid over a three year period. For example, during such three year

period, Mr. Antin will receive an average annual payment of \$36,807 towards the cost of an automobile. (2) Reflects Mr. Antin's accrued and unpaid salary as of December 29, 2006. (3) As of December 29, 2006, Mr. Antin had no accrued vacation. (4) As of December 29, 2006, all options held by Mr. Antin were vested. (5) Includes approximately \$10,000 per year for reimbursement of out-of-pocket medical expenses and related insurance premiums (for a total of approximately \$30,000 for the three year period during which Mr. Antin is entitled to reimbursement). The average annual amount was calculated by dividing the sum of the reimbursements of out-of-pocket medical expenses to Mr. Antin and the related insurance premiums paid by the Company for the last four fiscal years (2003-2006) by four. However, in accordance with the terms of the executive health insurance plans maintained by the Company, Mr. Antin is entitled to a maximum annual reimbursement of \$200,000 (of which the Company is responsible for \$120,000 with insurance paying the remainder). In addition, the Company pays an insurance premium equal to 10% of the reimbursements paid by it up to a maximum of \$12,000 per year. As a result, if Mr. Antin was reimbursed the maximum amount per year during the three year period during which he is entitled to reimbursement, the amounts set forth in the "Group Life, Medical and Other Company Insurance Plans" row would have to be increased by \$605,583.

TOMAS W. FULLER
Mr. Fuller's employment agreement dated as of November 27, 2001, provides for Mr. Fuller to serve as our Chief Financial Officer, Vice President and Assistant Secretary for a term equal to two years from any given date, such that there shall always be a minimum of at least two years remaining under his employment agreement. (Mr. Fuller currently serves as the Company's Secretary.) The employment agreement provides for Mr. Fuller to receive an annual base salary of not less than \$244,000, subject to annual increase based on comparable compensation packages provided to executives in similarly situated companies, and to participate in a bonus plan based on annual performance standards to be

established by the compensation committee. If Mr. Fuller's employment is terminated due to his death, the employment agreement provides that we will pay Mr. Fuller's estate his accrued and unpaid salary, his accrued and unused vacation and sick pay, his base salary during the scheduled term of the employment agreement, accelerate the vesting of his options and continue to provide family medical benefits. If Mr. Fuller's employment is terminated due to his disability, the employment agreement 32 provides that we will pay Mr. Fuller his accrued and unpaid salary, his accrued and unused vacation and sick pay, his remaining base salary during the remaining scheduled term of the employment agreement (reduced by any amounts paid under long-term disability insurance policy maintained by us for the benefit of Mr. Fuller), accelerate the vesting of his options and continue to provide specified benefits and perquisites. In the case of termination due to death or disability, any unexercised options will remain exercisable for the full term. If Mr. Fuller terminates the employment agreement for "cause," if we terminate the employment agreement without cause or in the event of a Change in Control, in which event the employment of Mr. Fuller terminates automatically, we will pay Mr. Fuller his accrued and unpaid salary, his accrued and unused vacation and sick pay, his remaining base salary during the remaining scheduled term of the employment agreement and an amount equal to two times the greater of Mr. Fuller's last annual bonus or the average of all bonuses paid to Mr. Fuller under the employment agreement. In addition, we will accelerate the vesting of his options and continue to provide specified benefits and perquisites. In these circumstances, Mr. Fuller may exercise his options immediately upon termination and thereafter for the full term of the option. For purposes of this paragraph, for "cause" means as the result of (x) a willful breach of any of the material obligations of the Company to Mr. Fuller under the employment agreement following written notice delivered to the Company and a reasonable cure period not to exceed 30 days; or (y) the Company's chief executive offices moving to a location

outside of Los Angeles County, California. If Mr. Fuller terminates the employment agreement without cause or we terminate the employment agreement for "cause," Mr. Fuller is entitled to receive all accrued and unpaid salary and other compensation and all accrued and unused vacation and sick pay. For purposes of this paragraph, for "cause" means for a conviction (including any plea of guilty or no contest) of (x) any felony involving the embezzlement, theft or misappropriation of monies or other property, of the Company or otherwise, or (y) any crime of moral turpitude. If any of the payments due Mr. Fuller upon termination qualify as "excess parachute payments" under the Code, Mr. Fuller also is entitled to an additional payment to cover the tax consequences associated with excess parachute payments. In the event of a Change in Control and at our request, Mr. Fuller is obligated to continue to serve under the same terms and conditions of his employment agreement for a period of up to 180 days following the termination date at his then-current base salary. THE FOLLOWING TABLE DESCRIBES THE POTENTIAL PAYMENTS TO MR. TOMAS W. FULLER UPON TERMINATION OR CHANGE IN CONTROL. PAYMENTS & BENEFITS BY OFFICER BY OFFICER BY COMPANY BY COMPANY CHANGE IN UPON TERMINATION (1) DEATH DISABILITY FOR CAUSE WITHOUT CAUSE WITHOUT CAUSE FOR CAUSE CONTROL

	BY OFFICER	BY OFFICER	BY COMPANY	BY COMPANY	CHANGE IN UPON TERMINATION	(1) DEATH DISABILITY FOR CAUSE	WITHOUT CAUSE	WITHOUT CAUSE	FOR CAUSE CONTROL
----- ACCRUED & UNPAID SALARY	\$ 13,654	\$ 13,654	\$ 13,654	\$ 13,654	\$ 13,654				
\$ 13,654	\$ 13,654	(2) ACCRUED							
VACATION (3)	--	--	--	--	--				
SEVERANCE	710,000	707,720	1,207,000	--					
1,207,000	--	1,207,000	ACCELERATION OF						
STOCK	--	--	--	--	--				
OPTIONS (4)									
AUTOMOBILE	--	20,244	20,244	--	20,244	--			
20,244	GROUP LIFE, MEDICAL AND								
25,732	28,156	28,156	--	28,156	--	28,156	--	28,156	
OTHER COMPANY INSURANCE PLANS									
(5) EXCISE TAX / GROSS-UP	--	--	--	--	--				
\$ 571,005	-----	-----	-----	-----	-----				
TOTAL	\$749,386	\$769,774	\$1,269,054	\$					

13,654 \$1,269,054 \$ 13,654 \$1,840,059

=====

=====

=====

===== ----- (1)

Upon the termination of Mr. Fuller's employment or a Change in Control, Mr. Fuller will receive a lump sum payment consisting of (a) accrued and unpaid salary, (b) cash severance and (c) an additional amount to cover the tax consequences associated with "excess parachute payments" under the Code, if any. All other payments set forth above will be paid over a two year period. For example, during such two year period, Mr. Fuller will receive an average annual payment of \$10,122 towards the cost of an automobile. 33 (2) Reflects Mr. Fuller's accrued and unpaid salary as of December 29, 2006. (3) As of December 29, 2006, Mr. Fuller had no accrued vacation. (4) As of December 29, 2006, all options held by Mr. Fuller were vested. (5) Includes approximately \$1,300 per year for reimbursement of out-of-pocket medical expenses and related insurance premiums (for a total of approximately \$2,600 for the two year period during which Mr. Fuller is entitled to such reimbursement). The average annual amount was calculated by dividing the sum of the reimbursements of out-of-pocket medical expenses to Mr. Fuller and the related insurance premiums paid by the Company for the last four fiscal years (2003-2006) by four. However, in accordance with the terms of the executive health insurance plans maintained by the Company, Mr. Fuller is entitled to a maximum annual reimbursement of \$200,000 (of which the Company is responsible for \$120,000 with insurance paying the remainder). In addition, the Company pays an insurance premium equal to 10% of the reimbursements paid by it up to a maximum of \$12,000 per year. As a result, if Mr. Fuller was reimbursed the maximum amount per year during the two year period during which he is entitled to reimbursement, the amounts set forth in the "Group Life, Medical and Other Company Insurance Plans" row would have to be increased by \$421,416. NEIL TAUBER On March 3, 2003, we executed a severance agreement with Mr. Tauber which provides

that if Mr. Tauber's employment with us terminates for any reason other than for "cause," then we will pay Mr. Tauber the amount he would have earned as base salary during the 12 months following the termination date (reduced by any amounts paid under any long-term disability insurance policy maintained by us for the benefit of Mr. Tauber) and continue to provide medical benefits for the 12 months following the termination date. For purposes of this paragraph, for "cause" means for (i) a conviction (including any plea of guilty or no contest) of (x) any misdemeanor or felony involving the embezzlement, theft or misappropriation of monies or other property of the Company, or (y) any felony involving the theft or misappropriation of monies or other property or any crime of moral turpitude, or (ii) willful and continued neglect of Mr. Tauber's duties, but only if such neglect continues for thirty days following receipt by Mr. Tauber of written notice from the Company specifying that breach and demanding that Mr. Tauber cease those activities. THE FOLLOWING TABLE DESCRIBES THE POTENTIAL PAYMENTS TO MR. NEIL TAUBER UPON TERMINATION. TERMINATION PAYMENTS & BENEFITS UPON (FOR ANY REASON OTHER THAN TERMINATION FOR CAUSE)

----- ACCRUED &
UNPAID SALARY (1) \$ 13,654 CASH
SEVERANCE (2) 355,000 MEDICAL
INSURANCE (3) 36,117
----- TOTAL \$ 404,771
===== (1)

Reflects Mr. Tauber's accrued and unpaid salary as of December 29, 2006. (2) If Mr. Tauber's employment terminates because of his disability, the cash severance payment would be \$353,100. (3) Includes approximately \$18,000 for reimbursement of out-of-pocket medical expenses and related insurance premiums. This amount was calculated by dividing the sum of the reimbursements of out-of-pocket medical expenses to Mr. Tauber and the related insurance premiums paid by the Company for

the last four fiscal years (2003-2006) by four. However, in accordance with the terms of the executive health insurance plans maintained by the Company, Mr. Tauber is entitled to a maximum annual reimbursement of \$200,000 (of which the Company is responsible for \$120,000 with insurance paying the remainder). In addition, the Company pays an insurance premium equal to 10% of the reimbursements paid by it up to a maximum of \$12,000 per year. As a result, if Mr. Tauber was reimbursed the maximum amount for the year during which he is entitled to reimbursement, the amount set forth in the "Medical Insurance" row would have to be increased by \$194,135. 34 REPORT OF COMPENSATION COMMITTEE

----- The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis. Based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement. The Compensation Committee JOHN M. BAUMER JOHN B. CHICKERING, JR. FRANK REDDICK 35 DIRECTOR COMPENSATION ----- The

following table and related footnotes summarize the compensation paid by the Company to each non-employee director for the fiscal year ended December 31, 2006. Non-employee director compensation during fiscal 2006 consisted of (i) an annual retainer of \$10,000 payable in four equal quarterly installments, (ii) fees for attending meetings of the Board of Directors and its committees in person (\$2,000) or telephonically (\$1,000), (iii) an annual audit committee chair fee of \$10,000 payable in four equal quarterly installments and (iv) an annual option grant to purchase 8,000 shares of the Company's common stock (as adjusted based on whether the last option grant to each non-employee director was more or less than 12 months from the date of the 2006 annual meeting of stockholders). CHANGE IN PENSION NON-EQUITY VALUE AND NONQUALIFIED NAME FEES EARNED OR STOCK OPTION AWARDS INCENTIVE

PLAN DEFERRED COMPENSATION ALL
 OTHER (1) PAID IN CASH AWARDS (2)
 COMPENSATION EARNINGS
 COMPENSATION TOTAL -----

----- (\$) (\$) (\$) (\$) (\$) (\$) (\$) John
 M . Baumer \$24,500 -- \$142,019 (3) -- -- --
 \$166,519 John B. Chickering, Jr. \$44,000 --
 \$78,081 (4) -- -- -- \$122,081 John A. Heil
 \$19,500 -- \$31,803 (5) -- -- -- \$51,303 Frank
 Reddick \$20,500 -- \$31,803 (6) -- -- -- \$52,303

----- (1) Mr. Robert L. Antin, the
 Chairman of the Board, Chief Executive
 Officer and President of the Company, has
 been omitted from this table since he is an
 employee director and does not receive any
 compensation for serving on the Board of
 Directors. Mr. Antin's compensation is set
 forth on the Summary Compensation Table on
 page 26 of this Proxy Statement. (2) The
 amounts in this column represent the dollar
 amount recognized for financial statement
 reporting purposes for the fiscal year ended
 December 31, 2006, in accordance with SFAS
 123R, and include amounts from options
 granted prior to and during 2006. The
 assumptions used in the calculation of these
 amounts are included in footnote 8 to the
 Company's audited financial statements for the
 fiscal year ended December 31, 2006 included
 in the Company's Annual Report on Form
 10-K filed with the SEC on March 1, 2007. (3)
 The grant date fair value of the option award to
 Mr. Baumer in fiscal year 2006 was \$106,025.
 At December 31, 2006, Mr. Baumer held
 options to purchase 39,665 shares of the
 Company's common stock. (4) The grant date
 fair value of the option award to Mr.
 Chickering in fiscal year 2006 was \$98,576. At
 December 31, 2006, Mr. Chickering held
 options to purchase 8,986 shares of the
 Company's common stock. (5) The grant date
 fair value of the option award to Mr. Heil in
 fiscal year 2006 was \$113,485. At December
 31, 2006, Mr. Heil held options to purchase
 40,345 shares of the Company's common
 stock. (6) The grant date fair value of the
 option award to Mr. Reddick in fiscal year
 2006 was \$113,485. At December 31, 2006,
 Mr. Reddick held options to purchase 92,845
 shares of the Company's common stock. The

Compensation Committee reviews director compensation on an annual basis. On January 5, 2007, the Compensation Committee adopted a new compensation program for its non-employee directors, which it subsequently amended on February 28, 2007. Our current non-employee director compensation program is as follows:

ANNUAL RETAINER We pay our non-employee directors \$10,000 per year, paid quarterly in arrears, \$2,000 for each Board of Directors meeting attended in person or committee meeting attended in person which is not held on the same day as a Board of Directors meeting, including reimbursement for out-of-pocket expenses incurred in attending, and \$1,000 for each Board of Directors meeting attended telephonically or committee meeting attended telephonically which is not held on the same day as a Board of Directors meeting. We pay the Chairman of our Audit Committee an additional \$10,000 per year, paid quarterly in arrears. No employee director receives compensation for his or her service as a member of our Board of Directors.

36 RESTRICTED SHARES Upon appointment to the Board of Directors, each non-employee director receives an initial grant, under our 2006 Equity Incentive Plan, of 2,000 restricted shares of stock. These restricted shares will vest in three equal annual installments, in each of the three 12-month periods, each an "annual period," following the date of grant on that day during such annual period which is the earlier to occur of (a) the day immediately preceding the date of an annual meeting of the Company's stockholders occurring during such annual period and (b) on the anniversary of the date of grant. If the date of grant is fewer than 12 months prior to the date of the next annual meeting of stockholders, the number of shares granted will be reduced on a pro-rata basis, based upon the number of months until the next annual meeting of stockholders (e.g., if a non-employee director is appointed January 1 and the next annual meeting of stockholders is April 1, such non-employee director will receive 500 restricted shares). In addition, each non-employee director receives an annual automatic grant of 2,000 restricted shares on the date of the annual meeting. These restricted

shares will vest in three equal annual installments, in each of the three annual periods following the date of grant on that day during such annual period which is the earlier to occur of (a) the day immediately preceding the date of an annual meeting of the Company's stockholders occurring during such annual period and (b) on the anniversary of the date of grant. 37 CERTAIN

TRANSACTIONS WITH RELATED PERSONS -----

In accordance with its charter, our Audit Committee is responsible for reviewing and approving all related party transactions. At least once a year, the Audit Committee reviews a summary of all related party transactions, including the Company's transactions with our executive officers and directors and with the firms that employ the directors. Except as disclosed below, neither our directors or executive officers, nor any stockholder owning more than five percent of our issued shares, nor any of their respective associates or affiliates, had any material interest, direct or indirect, in any material transaction to which we were a party during fiscal 2006, or which is presently proposed. We believe, based on our reasonable judgment, but without further investigation, that the terms of each of the following transactions or arrangements between us and our affiliates, officers, directors or stockholders which were parties to the transactions were, on an overall basis, at least as favorable to us as could then have been obtained from unrelated parties.

TRANSACTIONS WITH ZOASIS CORPORATION We incurred marketing expenses for vaccine reminders and other direct mail services provided by Zoasis, a company that is majority owned by Robert Antin, our Chief Executive Officer and Chairman. We purchased services of \$1.9 million, \$1.1 million and \$946,000 for 2006, 2005 and 2004, respectively. Arthur J. Antin, our Chief Operating Officer, owns a 10% interest in Zoasis, and a separate officer sold his entire 1% interest in Zoasis in 2004 for less than \$15,000. We believe the pricing of these services is comparable to prices paid by us to independent third parties. In 2003, we entered into an agreement with Zoasis pursuant to

which we acquired all of Zoasis' right, title and interest in and to certain software in exchange for all our preferred stock of Zoasis then held by us. Concurrent with the purchase of the software, we granted to Zoasis a limited royalty-free, non-exclusive license to this software in exchange for Zoasis providing certain support for the software. Both we and Zoasis have a right to make modifications to the software, but all modifications and derivative works are owned by us. The software is hosted at our expense at a third-party hosting facility for the benefit of both parties.

LEGAL SERVICES The law firm of Akin Gump Strauss Hauer & Feld LLP currently provides, and provided during fiscal year 2006, legal services to us. In 2006, the Company paid Akin Gump Strauss Hauer & Feld LLP \$550,000 for legal services. Frank Reddick, who joined us as a director in February 2002, is a partner in Akin Gump Strauss Hauer & Feld LLP.

38 SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires that our executive officers, directors and persons who own more than ten percent of a registered class of our equity securities file reports of ownership and changes in ownership with the SEC. Executive officers, directors and greater-than-ten percent stockholders are required by SEC regulations to furnish us with all Section 16(a) forms that they file. Based solely upon our review of copies of the forms received by us and written representations from certain reporting persons that they have complied or not complied with the relevant filings requirements, we believe that, during the year ended December 31, 2006, all of our executive officers, directors and greater-than-ten percent stockholders complied with all Section 16(a) filing requirements.

39 PRINCIPAL STOCKHOLDERS

----- The following table sets forth information regarding beneficial ownership of our common stock as of March 31, 2007, by: o each of our directors; o each of our Named Executive Officers; o all of our directors and Named Executive Officers as a group; and o all other stockholders known by

us to beneficially own more than 5% of our outstanding common stock. Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of the date as of which this information is provided, and not subject to repurchase as of that date, are deemed outstanding. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Except as indicated in the notes to this table, and except pursuant to applicable community property laws, each stockholder named in the table has sole voting and investment power with respect to the shares shown as beneficially owned by them. Percentage ownership is based on 83,656,593 shares of common stock outstanding on March 31, 2007. Unless otherwise indicated, the address for each of the stockholders listed below is c/o VCA Antech, Inc., 12401 West Olympic Boulevard, Los Angeles, California 90064.

**NUMBER OF
SHARES OF COMMON STOCK
BENEFICIALLY PERCENT OF COMMON
OWNED STOCK OUTSTANDING**

Baillie Gifford & Co		
(1).....	6,435,725	
7.7% Franklin Resources, Inc.		
(2).....	4,982,644	6.0
Select Equity Group, Inc. & Select Offshore		
Advisors, LLC (3).....	4,917,193	5.9
Corp. (4).....	4,783,091	5.7
Robert L. Antin		
(5).....	2,445,669	2.9
Arthur J. Antin		
(6).....	793,185	
* Tomas W. Fuller		
(7).....	527,120	
* Neil Tauber		
(8).....	247,500	
* Dawn R. Olsen		
(9).....	98,500	
* John M. Baumer		
(10).....	17,953	
* John B. Chickering, Jr.		

(11)..... 2,746 * John
A. Heil

(12)..... 33,161
* Frank Reddick

(13)..... 85,661
* All directors and executive officers as a
group (9 persons)

(14).....
4,251,495 5.1% * Indicates less than one
percent. ----- (1) Information
based on a Schedule 13G filed on February 9,
2007 with the SEC by Baillie Gifford & Co.
According to the Schedule 13G, Baillie
Gifford & Co has sole voting power over
4,983,655 shares and sole dispositive power
over 6,435,728 shares. The address of the
stockholder is Calton Square, 1 Greenside
Row, Edinburgh EH1 3AN, Scotland, UK. (2)
Information based on a Schedule 13G/A filed
on February 6, 2007 with the SEC by Franklin
Resources, Inc. and certain related entities.
According to the Schedule 13G/A: (a) Franklin
Advisors, Inc. has sole voting power over
4,908,986 shares and sole dispositive power
over 4,922,886 shares; and (b) Franklin
Templeton Portfolio Advisors, Inc. has sole
voting and sole dispositive power over 59,758
shares. Franklin Resources, Inc. is the parent
company of these entities. Charles B. Johnson
and Rupert H. Johnson, Jr. are the principal
stockholders of Franklin Resources, Inc. The
address of each entity and each principal
stockholder is One Franklin Parkway, San
Mateo, California 94403-1906. (3) Information
based on a Schedule 13G/A filed on February
15, 2007 with the SEC by Select Equity
Group, Inc. and certain related entities.
According to the Schedule 13G/A: (a) Select
Equity Group, Inc. has sole voting and sole
dispositive power over 4,081,225 shares; and
(b) Select Offshore Advisors, LLC has sole
voting and sole dispositive power over
835,968 shares. George S. Loening is the
controlling stockholder of each of these
stockholders. The address for each stockholder
and George S. Loening is 380 Lafayette Street,
6th Floor, New York, New York 10003. 40 (4)
Information based on Schedule 13G/A filed on
February 14, 2007 with the SEC by FMR
Corp. and certain related entities. According to
the Schedule 13G: (a) Fidelity Management &

Research Company beneficially owns 4,584,976 shares as a result of acting as an investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940; (b) Fidelity International Limited beneficially owns 197,600 shares as a result of serving as investment advisor and manager of a number of non-U.S. investment companies and certain institutional investors; and (c) Strategic Advisers, Inc. beneficially owns 515 shares as a result of providing investment advisory services to certain individuals. FMR Corp. is the parent company of these entities and has sole voting power over 198,315 shares and sole dispositive power over 4,783,091 shares. Edward C. Johnson 3d and certain members of his family, collectively, may form a controlling group with respect to FMR Corp. The address of each entity and Edward C. Johnson 3d is 82 Devonshire Street, Boston, Massachusetts 02109. (5) Includes (a) 45,000 shares of restricted stock of the Company subject to future vesting conditions ("restricted stock") and (b) 715,000 shares of common stock reserved for issuance upon exercise of stock options that are or will be exercisable on or before May 30, 2007. (6) Includes (a) 30,000 shares of restricted stock and (b) 450,690 shares of common stock reserved for issuance upon exercise of stock options which are or will become exercisable on or before May 30, 2007. (7) Includes (a) 30,000 shares of restricted stock and (b) 385,000 shares of common stock reserved for issuance upon exercise of stock options which are or will become exercisable on or before May 30, 2007. (8) Consists of (a) 30,000 shares of restricted stock and (b) 217,500 shares of common stock reserved for issuance upon exercise of stock options which are or will become exercisable on or before May 30, 2007. (9) Consists of (a) 4,500 shares of restricted stock and (b) 94,000 shares of common stock reserved for issuance upon exercise of stock options which are or will become exercisable on or before May 30, 2007. (10) Consists of 17,953 shares of common stock reserved for issuance upon exercise of stock options which are or will become exercisable on or before May 30,

2007. (11) Consists of 2,746 shares of common stock reserved for issuance upon exercise of stock options which are or will become exercisable on or before May 30, 2007. (12) Consists of 33,161 shares of common stock reserved for issuance upon exercise of stock options which are or will become exercisable on or before May 30, 2007. (13) Consists of 85,661 shares of common stock reserved for issuance upon exercise of stock options which are or will become exercisable on or before May 30, 2007. (14) Includes 2,001,711 shares of common stock reserved for issuance upon exercise of stock options which are or will become exercisable on or before May 30, 2007. ON BEHALF OF THE BOARD OF DIRECTORS /S/ TOMAS W. FULLER

----- TOMAS
W. FULLER CHIEF FINANCIAL OFFICER,
VICE PRESIDENT AND SECRETARY
12401 West Olympic Boulevard Los Angeles,
California 90064-1022 April 27, 2007 41
ANNEX A VCA ANTECH, INC. 2007
ANNUAL CASH INCENTIVE PLAN 1.
PURPOSES. The purposes of this 2007
Annual Cash Incentive Plan are to provide an
incentive to executive officers and other
selected key executives of VCA Antech, Inc.
(the "COMPANY") to contribute to the
growth, profitability and increased shareholder
value of the Company, to obtain and retain
such executives and endeavor to qualify the
compensation paid under the Plan for tax
deductibility under Section 162(m) of the
Code. 2. DEFINITIONS. For purposes of the
Plan, the following terms shall be defined as
set forth below: (a) "BOARD" shall mean
Board of Directors of VCA Antech, Inc. (b)
"CODE" shall mean the Internal Revenue
Code of 1986, as amended from time to time,
including regulations thereunder and successor
provisions thereto. (c) "COMMITTEE" shall
mean a committee composed of at least two
members of the Board who qualify as "outside
directors" within the meaning of Section
162(m) of the Code. (d) "COVERED
EMPLOYEE" shall mean any employee of the
Company who, on the last day of the
Company's taxable year, is the chief executive
officer of the Company or among the four

highest compensated officers of the Company (other than the chief executive officer), each as determined pursuant to the executive compensation disclosure rules under the Securities Exchange Act of 1934. (e)

"EFFECTIVE DATE" shall mean January 1, 2007. (f) "ELIGIBLE EMPLOYEE" shall

mean each executive officer of the Company, including those employed by subsidiaries, and other key executives of the Company and its subsidiaries selected by the Committee. (g)

"GAAP" shall mean U.S. Generally Accepted Accounting Principles. (h) "PARTICIPANT"

shall mean an Eligible Employee designated by the Committee to participate in the Plan for a designated Performance Period. (i)

"PERFORMANCE AWARD" shall mean the right of a Participant to receive cash following the completion of a Performance Period based upon performance in respect of one or more of the Performance Criteria during such

Performance Period, as specified in SECTION 5. (j) "PERFORMANCE CRITERIA" shall

mean or may be expressed in terms of any of the following business criteria (by way of example and without limitation): revenue, sales, earnings before interest, taxes, depreciation and amortization (EBITDA),

funds from operations, funds from operations per share, operating income, pre-tax or

after-tax income, cash available for distribution, cash available for distribution per share, cash or cash equivalents available for

operations, net earnings, earnings per share, return on equity, return on assets, return on

capital, economic value added, share price performance, improvements in the Company's attainment of expense levels, and

implementing or completion of critical projects, or improvement in cash-flow (before or after tax). Such objective Performance

Criteria are not required to be based on increases in specific business criteria, but may

be based on maintaining the status quo or limiting economic losses. A Performance

Criterion may be measured over a Performance Period on a periodic, annual, cumulative or

average basis and may be established on a corporate-wide basis or established with

respect to one or more operating units, divisions, subsidiaries, acquired businesses,

minority investments, partnerships or joint ventures. Unless otherwise determined by the Committee by no later than the earlier of the date that is ninety days after the commencement of the Performance Period or the day prior to the date on which twenty-five percent (25%) of the Performance Period has elapsed, the Performance Criteria will be determined by not accounting for a change in GAAP during a Performance Period. A-1 (k) "PERFORMANCE GOALS" shall mean the level or levels of performance required to be attained with respect to specified Performance Criteria in order that a Participant shall become entitled to specified rights in connection with a Performance Award. (l) "PERFORMANCE PERIOD" shall mean the calendar year, or such other shorter or longer period designated by the Committee, during which performance will be measured in order to determine a Participant's entitlement to receive payment of a Performance Award. The initial Performance Period shall be the period beginning on April 1, 2007 and ending on December 31, 2007. (m) "PLAN" shall mean this 2007 Annual Cash Incentive Plan, as amended from time to time. 3.

ADMINISTRATION. (a) AUTHORITY. The Plan shall be administered by the Committee. The Committee is authorized, subject to the provisions of the Plan, in its sole discretion, from time to time to: (i) select Participants; (ii) grant Performance Awards under the Plan; (iii) determine the terms and conditions of, and all other matters relating to, Performance Awards; (iv) prescribe Performance Award agreements (which need not be identical); (v) establish, modify or rescind such rules and regulations as it deems necessary for the proper administration of the Plan; and (vi) make such determinations and interpretations and to take such steps in connection with the Plan or the Performance Awards granted thereunder as it deems necessary or advisable. All such actions by the Committee under the Plan or with respect to the Performance Awards granted thereunder shall be final and binding on all persons. (b) MANNER OF EXERCISE OF COMMITTEE AUTHORITY. The Committee may delegate its responsibility with respect to the administration of the Plan to one or more

officers of the Company, to one or more members of the Committee or to one or more members of the Board; PROVIDED, HOWEVER, that the Committee may not delegate its responsibility (i) to make Performance Awards to executive officers of Company; (ii) to make Performance Awards which are intended to constitute "qualified performance-based compensation" under Section 162(m) of the Code; or (iii) to certify the satisfaction of Performance Goals pursuant to SECTION 5(e) in accordance with Section 162(m) of the Code. The Committee may also appoint agents to assist in the day-to-day administration of the Plan and may delegate the authority to execute documents under the Plan to one or more members of the Committee or to one or more officers of the Company. (c) LIMITATION OF LIABILITY. The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or employee of the Company, the Company's independent certified public accountants, consultants or any other agent assisting in the administration of the Plan. Members of the Committee and any officer or employee of the Company acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination. 4. TYPES OF AWARDS. Subject to the provisions of the Plan, the Committee has the discretion to grant to Participants Performance Awards described in SECTION 5 in respect of any Performance Period. 5. PERFORMANCE AWARDS. (a) FORM OF AWARD. The Committee is authorized to grant Performance Awards pursuant to this SECTION 5. A Performance Award shall represent the conditional right of the Participant to receive cash based upon achievement of one or more pre-established Performance Goals during a Performance Period, subject to the terms of this SECTION 5 and the other applicable terms of the Plan. Performance Awards shall be subject to such conditions, including deferral of settlement,

risks of forfeiture and other terms and conditions as shall be specified by the Committee. A-2 (b) PERFORMANCE GOALS. The Committee shall establish the Performance Goals for each Performance Award, consisting of one or more business criteria permitted as Performance Criteria hereunder and one or more levels of performance with respect to each such criterion. In addition, the Committee shall establish the amount or amounts payable or other rights that the Participant will be entitled to as a Performance Award upon achievement of such levels of performance. The Performance Goals shall be established by the Committee prior to, or reasonably promptly following the inception of, a Performance Period but, to the extent required by Section 162(m) of the Code, by no later than the earlier of the date that is ninety (90) days after the commencement of the Performance Period or the day prior to the date on which twenty-five percent (25%) of the Performance Period has elapsed. (c) ADDITIONAL PROVISIONS APPLICABLE TO PERFORMANCE AWARDS. More than one Performance Criterion may be incorporated in a Performance Goal, in which case achievement with respect to each Performance Criterion may be assessed individually or in combination with each other. The Committee may, in connection with the establishment of Performance Goals for a Performance Period, establish a matrix setting forth the relationship between performance on two or more Performance Criteria and the amount of the Performance Award payable for that Performance Period. The level or levels of performance specified with respect to a Performance Criterion may be established in absolute terms, as objectives relative to performance in prior periods, as an objective compared to the performance of one or more comparable companies or an index covering multiple companies, or otherwise as the Committee may determine. Performance Goals shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code. Performance Goals may differ for Performance Awards granted to any one Participant or to different Participants. (d) DURATION OF

THE PERFORMANCE PERIOD. The Committee shall establish the duration of each Performance Period at the time that it sets the Performance Goals applicable to that Performance Period. The Committee shall be authorized to permit overlapping or consecutive Performance Periods. (e) CERTIFICATION. Following the completion of each Performance Period, the Committee shall certify in writing, in accordance with the requirements of Section 162(m) of the Code, whether the Performance Goals and other material terms for paying amounts in respect of each Performance Award related to that Performance Period have been achieved or met. Unless the Committee determines otherwise with respect to a Participant who is not a Covered Employee for the taxable year of the Company in which the Performance Award will be paid, Performance Awards shall not be settled until the Committee has made the certification specified under this SECTION 5(e). (f) ADJUSTMENT. The Committee is authorized at any time during or after a Performance Period to reduce or eliminate the Performance Award of any Participant for any reason, including, without limitation, changes in the position or duties of any Participant with the Company during or after a Performance Period, whether due to any termination of employment (including death, disability, retirement, voluntary termination or termination with or without cause) or otherwise. In addition, to the extent necessary to preserve the intended economic effects of the Plan to the Company and the Participants, the Committee shall adjust Performance Goals, the Performance Awards or both to take into account: (i) a change in corporate capitalization, (ii) a corporate transaction, such as any merger of the Company or any subsidiary into another corporation, any consolidation of the Company or any subsidiary into another corporation, any separation of the Company or any subsidiary (including a spin-off or the distribution of stock or property of the Company or any subsidiary), any reorganization of the Company or any subsidiary or a large, special and non-recurring dividend paid or distributed by the Company (whether or not such

reorganization comes within the definition of Section 368 of the Code), (iii) any partial or complete liquidation of the Company or any subsidiary or (iv) a change in accounting or other relevant rules or regulations (any adjustment pursuant to this Clause (iv) shall be subject to the timing requirements of the last sentence of SECTION 2(J) of the Plan); PROVIDED, HOWEVER, that no adjustment hereunder shall be authorized or made if and to the extent that the Committee determines that such authority or the making of such adjustment would cause the Performance Awards to fail to qualify as "qualified performance-based compensation" under Section 162(m) of the Code. (g) TIMING OF PAYMENT. Except as provided below and subject to SECTION 6, any cash amounts payable in respect of Performance Awards for a Performance Period will generally be paid as soon as practicable following the determination in respect thereof made pursuant to SECTION 5(E), but in any event no later than the 15th day of the third month following the end of the Company's taxable year in which it was earned. A-3 (h) MAXIMUM AMOUNT PAYABLE PER PARTICIPANT UNDER THIS SECTION 5. A Participant shall not be granted Performance Awards for all of the Performance Periods commencing in any calendar year that permit the Participant in the aggregate to earn a cash payment in excess of the lesser of five (5) times such Participant's base salary or \$7,000,000. 6. PARTICIPANT DEFERRAL OF PAYMENT. Subject to such terms and administrative guidelines as the Committee shall specify from time to time, a Participant may elect to defer receipt of part or all payment due in respect of a Performance Award in accordance with the following requirements. (a) TIMING OF ELECTION. (i) IN GENERAL. Except as otherwise provided in SECTION 6(a)(ii), a Participant's election to defer payment in respect of a Performance Award shall be made and irrevocable not later than the close of the calendar year immediately preceding the calendar year in which the Performance Period begins. (ii) 409A PERFORMANCE-BASED COMPENSATION. With respect to any Performance Award for a Performance Period

of at least 12 consecutive months and that otherwise qualifies as "performance-based compensation" as that term is defined in Treasury Regulation Section 1.409A-1(e) ("409A PERFORMANCE-BASED COMPENSATION"), a Participant's election to defer payment in respect of such Performance Award shall be made and irrevocable on or before the date that is six months before the end of the Performance Period, PROVIDED the Participant is continuously employed by the Company from the later of the beginning of the Performance Period or the date the Performance Criteria are established through the date of such election, and PROVIDED FURTHER that in no event may a Participant elect to defer such payment after the Performance Award has become both calculable and substantially certain to be paid. A Performance Award shall be deemed 409A Performance-Based Compensation only if its terms provide that, notwithstanding anything to the contrary in SECTIONS 5(E) and 7(A) hereof, the Committee shall have no discretion to pay such Performance Award unless the Committee has made the certification specified under SECTION 5(e). (b) PAYMENT OF DEFERRED PERFORMANCE AWARDS. A Participant's election to defer payment of all or part of a Performance Award shall specify a time or fixed schedule for the payment of such amount, including interest accrued thereon. Notwithstanding the foregoing, any payment deferred in respect of a Performance Award shall be paid in a lump sum upon the first to occur of the following. (i) The Participant's separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), PROVIDED, HOWEVER, that if the Participant is a "specified employee" (within the meaning of Treasury Regulation section 1.409A-1(i)) as of the date of his or her separation from service, such payment shall be made on the earlier of (A) the date that is six months and one day after the Participant's separation from service or (B) the Participant's death. (ii) The date of the Participant's death. (iii) The date on which the Participant becomes Disabled (within the meaning of SECTION 6(f)(ii) hereof). (iv) The occurrence of an Unforeseeable Emergency (within the

meaning of SECTION 6(f)(iii) hereof), but only to the extent reasonably necessary to satisfy the emergency need, including amounts necessary to pay taxes or penalties reasonably anticipated as a result of such payment, after taking into account the extent to which the emergency is or may be relieved through reimbursement or compensation by insurance or otherwise or by liquidation of the Participant's other assets (to the extent such liquidation would not itself cause severe financial hardship). (v) The occurrence of a Change in Control Event (within the meaning of SECTION 6(f)(i) hereof). A-4 (c) NO ACCELERATION. Payment in respect of a Performance Award that has been deferred pursuant to SECTION 6(a) may not be accelerated or paid before the time set forth in SECTION 6(b) except in the case of one of the following events. (i) DOMESTIC RELATIONS ORDER. The acceleration of the time or schedule of payment to an individual other than the Participant shall be permitted as may be necessary to comply with the terms of a "domestic relations order" (as defined in Section 414(p)(1)(B) of the Code). (ii) CONFLICTS OF INTEREST. The acceleration of the time or schedule of payment shall be permitted to the extent reasonably necessary to avoid violation of an applicable ethics law or conflicts of interest law (including to permit the Participant to participate in activities in the normal course of his or her position with the Company in which the Participant would otherwise not be able to participate under an applicable rule), as provided by Treasury Regulation Section 1.409A-3(j)(4)(iii). (d) SUBSEQUENT DEFERRAL ELECTION. A Participant may subsequently elect to delay payment of an amount previously deferred under SECTION 6(a), PROVIDED that such election shall be made and irrevocable not less than 12 months before the date the deferred payment is scheduled to be paid, and shall not take effect until at least 12 months after the date on which the election is made; and PROVIDED FURTHER that the payment shall be deferred for at least an additional five years from the date such amount would otherwise have been paid. For purposes of the preceding sentence,

the entitlement to a series of installment payments shall be treated as the entitlement to a single payment payable on the date of the first scheduled payment. Any subsequent deferral under this SECTION 6(d) shall be subject to the requirements of SECTION 6(b) and (c). (e) INTEREST. Interest shall accrue on amounts deferred under this SECTION 6 at a reasonable rate of interest determined by the Committee, commencing one day following the date such amount would have been paid had it not been deferred and ending on the date of payment under this SECTION 6. (f)

DEFINITIONS. Solely for purposes of this SECTION 6 and not for other purposes of the Plan, the following terms shall be defined as set forth below. (i) "CHANGE IN CONTROL EVENT" means the occurrence of a change in the ownership or effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company (within the meaning of Treasury Regulation Section 1.409A-3(i)(5)). For example, a Change in Control Event will occur if a person or more than one person acting as a group: A. acquires ownership of stock that brings such person's or group's total ownership in excess of 50% of the outstanding stock of the Company; or B. acquires ownership of 30% or more of the total voting power of the Company within a 12 month period; or C. acquires ownership of assets from the Company equal to 40% or more of the total value of all assets of the Company within a 12 month period. (ii) "DISABLED" means a Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, (A) unable to engage in any substantial gainful activity, or (B) receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company. (iii) "UNFORESEEABLE EMERGENCY" means a severe financial hardship to the Participant resulting from an illness or accident of the Participant or the Participant's spouse, beneficiary or dependent (as defined in Section 152 of the Code, without regard to subsections (b)(1), (b)(2) and

(d)(1)(B) thereof); loss of the Participant's property due to casualty; or similar extraordinary and unforeseeable circumstances arising as a result of events beyond the Participant's control. For example, the imminent foreclosure of or eviction from the A-5 Participant's primary residence may constitute an Unforeseeable Emergency, as may the need to pay for medical expenses, including nonrefundable deductibles and the costs of prescription medication. The need to pay for the funeral expenses of a spouse, beneficiary or dependent may also constitute an Unforeseeable Emergency. The purchase of a home and the payment of college tuition, however, are not Unforeseeable Emergencies.

7. GENERAL PROVISIONS. (a)

TERMINATION OF EMPLOYMENT. In the event a Participant terminates employment for any reason during a Performance Period or prior to the Performance Award payment, he or she (or his or her beneficiary, in the case of death) shall not be entitled to receive any Performance Award for such Performance Period unless the Participant is not a Covered Employee for the taxable year of the Company in which the Performance Award will be paid and the Committee, in its sole and absolute discretion, elects to pay a Performance Award to such Participant. (b) DEATH OF THE PARTICIPANT. Subject to SECTION 7(a), in the event of the death of a Participant, any payments hereunder due to such Participant shall be paid to his or her beneficiary as designated in writing to the Committee or, failing such designation, to his or her estate. No beneficiary designation shall be effective unless it is in writing and received by the Committee prior to the date of death of the Participant. (c) TAXES. The Company is authorized to withhold from any Performance Award granted, any payment relating to a Performance Award under the Plan, or any payroll or other payment to a Participant, amounts of withholding and other taxes due in connection with any transaction involving a Performance Award, and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations

relating to any Performance Award. This authority shall include authority for the Company to withhold or receive other property and to make cash payments in respect thereof in satisfaction of a Participant's tax obligations, either on a mandatory or elective basis in the discretion of the Committee. (d)

LIMITATIONS ON RIGHTS CONFERRED UNDER PLAN AND BENEFICIARIES.

Neither status as a Participant nor receipt or completion of a deferral election form shall be construed as a commitment that any Performance Award will become payable under the Plan. Nothing contained in the Plan or in any documents related to the Plan or to any Award shall confer upon any Eligible Employee or Participant any right to continue as an Eligible Employee, Participant or in the employ of the Company or constitute any contract or agreement of employment, or interfere in any way with the right of the Company to reduce such person's compensation, to change the position held by such person or to terminate the employment of such Eligible Employee or Participant, with or without cause, but nothing contained in this Plan or any document related thereto shall affect any other contractual right of any Eligible Employee or Participant. No benefit payable under, or interest in, this Plan shall be transferable by a Participant except by will or the laws of descent and distribution or otherwise be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge.

(e) **CHANGES TO THE PLAN AND AWARDS.** Notwithstanding anything herein to the contrary, the Board, or a committee designated by the Board, may, at any time, terminate or, from time to time, amend, modify or suspend the Plan and the terms and provisions of any Performance Award theretofore granted to any Participant which has not been settled (either by payment or deferral); PROVIDED, HOWEVER, that no amendment or modification to any Performance Award shall be authorized or made if the Committee determines that such authority or the making of such amendment or modification would increase or accelerate a payment under the Performance Award,

decrease a Performance Goal, or otherwise cause the Performance Award to fail to qualify as "qualified performance-based compensation" under Section 162(m) of the Code. No Performance Award may be granted during any suspension of the Plan or after its termination. Any such amendment may be made without stockholder approval. (f)

UNFUNDED STATUS OF AWARDS; CREATION OF TRUSTS. The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any amounts payable to a Participant pursuant to a Performance Award, nothing contained in the Plan (or in any documents related thereto), nor the creation or adoption of the Plan, the grant of any Performance Award, or the taking of any other action pursuant to the Plan shall give any such Participant any rights that are greater than those of a general creditor of the Company; **PROVIDED** that the Committee may authorize the creation of trusts and deposit therein cash or other property or make other arrangements, to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be A-6 consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify in accordance with applicable law. (g)

NON-EXCLUSIVITY OF THE PLAN. Neither the adoption of the Plan by the Board (or a committee designated by the Board) nor submission of the Plan or provisions thereof to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem necessary. (h) **GOVERNING LAW.** The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan, and any Performance Award shall be determined in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable Federal law. (i) **EXEMPTION UNDER**

SECTION 162(M) OF THE CODE. The Plan, and all Performance Awards issued thereunder, are intended to be exempt from the application of Section 162(m) of the Code, which restricts under certain circumstances the Federal income tax deduction for compensation paid by a public company to named executives in excess of \$1 million per year. The Committee may, without stockholder approval, amend the Plan retroactively or prospectively to the extent it determines necessary in order to comply with any subsequent clarification of Section 162(m) of the Code required to preserve the Company's Federal income tax deduction for compensation paid pursuant to the Plan. The Committee does not have discretion or authority, however, to increase the maximum amount payable to any employee during a calendar year or amounts to be paid under any Performance Award, or to decrease any Performance Goal. (j)

EFFECTIVE DATE. The Plan is effective on the Effective Date, subject to subsequent approval thereof by the Company's stockholders within 12 months of the Effective Date, and shall remain in effect until it has been terminated pursuant to SECTION 7(e). If the Plan is not approved by the stockholders within 12 months of the Effective Date, the Plan and all interests in the Plan awarded to Participants before such date shall be void ab initio and of no further force and effect. Unless the Company determines to submit SECTION 5 of the Plan and the definition of "Performance Criterion" to the Company's stockholders at the first stockholder meeting that occurs in the fifth year following the year in which the Plan was last approved by stockholders (or any earlier meeting designated by the Board), in accordance with the requirements of Section 162(m) of the Code, and such stockholder approval is obtained, then no further Performance Awards shall be made under SECTION 5 after the date of such annual meeting, but the remainder of the Plan shall continue in effect until terminated in accordance with SECTION 7(e). [SIGNATURE PAGE FOLLOWS] A-7 IN WITNESS WHEREOF, upon authorization of the Board of Directors, the undersigned has caused the 2007 Annual Cash Incentive Plan to

be executed effective as of the 24th day of April, 2007. VCA ANTECH, INC. By:
----- Robert L. Antin, Chief Executive Officer and President A-8 VCA ANTECH, INC. PROXY FOR ANNUAL MEETING OF STOCKHOLDERS THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS The undersigned, a stockholder of VCA Antech, Inc., a Delaware corporation, which we refer to as the "Company," hereby nominates, constitutes and appoints Robert L. Antin and Tomas W. Fuller, or either one of them, as proxy of the undersigned, each with full power of substitution, to attend, vote and act for the undersigned at the Annual Meeting of Stockholders of the Company, to be held on Monday, June 4, 2007, which we refer to as the "Annual Meeting," and any postponements or adjournments thereof, and in connection therewith, to vote and represent all of the shares of the Company which the undersigned would be entitled to vote with the same effect as if the undersigned were present, as follows:
A VOTE "FOR" ALL ITEMS IS RECOMMENDED BY THE BOARD OF DIRECTORS: Item 1. To elect the nominee as Class II director: CLASS II Robert L. Antin FOR THE NOMINEE LISTED ABOVE WITHHELD for the nominee listed above The undersigned hereby confer(s) upon the proxies and each of them discretionary authority with respect to the election of directors in the event that the above nominee is unable or unwilling to serve. Item 2. To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm. FOR AGAINST ABSTAIN Item 3. To approve the VCA Antech, Inc. 2007 Annual Cash Incentive Plan. FOR AGAINST ABSTAIN The undersigned hereby revokes any other proxy to vote at the Annual Meeting, and hereby ratifies and confirms all that said attorneys and proxies, and each of them, may lawfully do by virtue hereof. With respect to matters not known at the time of the solicitation hereof, said proxies are authorized to vote in accordance with their best judgment. THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE

INSTRUCTIONS SET FORTH ABOVE OR, TO THE EXTENT NO CONTRARY DIRECTION IS INDICATED, WILL BE TREATED AS A GRANT OF AUTHORITY TO VOTE FOR THE ITEMS. IF ANY OTHER BUSINESS IS PRESENTED AT THE ANNUAL MEETING, THIS PROXY CONFERS AUTHORITY TO AND SHALL BE VOTED IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE PROXIES.

I The undersigned acknowledges receipt of a copy of the Notice of Annual Meeting dated April 27, 2007 and the accompanying Proxy Statement relating to the Annual Meeting.

Dated: _____, 2007

Signature: _____

Signature: _____

----- Signature(s) of
Stockholder(s) (See Instructions Below) The signature(s) hereon should correspond exactly with the name(s) of the Stockholder(s) appearing on the Share Certificate. If stock is held jointly, all joint owners should sign.

When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If signer is a corporation, please sign the full corporation name, and give title of signing officer. Please indicate by checking this box if you anticipate attending the Annual Meeting. PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE 2