fellow pet lovers,

Welcome to the PETCO Foundation’s annual report, which provides an update on our work as a national leader in animal welfare. More than that, this report is a testament to the passionate and tireless commitment of the Foundation staff, our 22,000 PETCO colleagues across the country and the thousands of PETCO Foundation beneficiary organizations — all committed to helping animals in need. It’s a cause that we all share and have a fundamental responsibility to address.

The Foundation, now in its 12th year, has an incredible history of success. As the world has evolved, so have we. Since 2008, our board and the Foundation team have put in place a long-term strategic plan for the organization’s growth, development and overall ability to make a better life for at-risk companion animals across the country.

As a result of this work, in the last two years we have reconstituted and re-energized our board of directors, expanded our fundraising capabilities and extended both our reach and ability to build relationships with our key constituents. We have also added important talent and expertise to the Foundation team.

Those actions directly enabled us to make an even greater difference in the lives of companion animals in 2009, a record year for the PETCO Foundation. Today, we support more than 6,200 animal welfare partner groups nationwide, we provide more than $10 million a year in grants and support, and we have a hand in finding forever homes for more than 200,000 adoptable animals every year.

In 2010, we will further refine our long-range plan and map out the next phase of support for companion animals over the coming years.

We’ve never been more excited about the future — and about the impact we can have in reducing the number of animals euthanized, rescuing animals in crisis, rehabilitating behavioral issues in pets and rejoicing in the human-animal bond.

We speak for countless animals when we say thank you for your ongoing support. Through that support, you enable our work and our future.

Charlie R. Piscitello
President
PETCO Foundation
The PETCO Foundation embraces a philosophy best summed up by the Four Rs - Reduce, Rescue, Rehabilitate and Rejoice.

**Reduce**

Each year, millions of loving animals wind up homeless and enter animal shelters all over the country. When space runs out, they are euthanized to make more room. Nearly four million of these homeless animals are put to death each year in the United States – that’s one animal death every eight seconds.

The PETCO Foundation sponsors spay/neuter programs in communities across the United States and works to educate pet parents on the importance of spaying and neutering their pets. Over the last 10 years, millions of animals have been spayed and neutered with funding provided by the PETCO Foundation – all in an effort to end pet overpopulation and reduce the number of pets needlessly put to death.

**Rescue**

Since its inception, the PETCO Foundation has helped save the lives of more than 2.7 million homeless animals that were once at risk of being put to death. Through the combined efforts of the PETCO Foundation, our contributors, a national network of more than 6,200 local animal welfare partners, and PETCO associates, these animals have found themselves in the care of loving families in their forever homes.
**Rehabilitate**

We support proper training to preserve the human-animal bond. Too many animals are relinquished to shelters because of behavior problems. The PETCO Foundation is dedicated to educating the public that the human-animal bond need not be compromised due to behavior issues. We provide funding to numerous groups offering behavior counseling and assistance.

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**Rejoice**

Some of our most important work has been celebrating the joy companion animals bring into our lives every day – and sharing it with as many people, children and families as possible. In addition to our work to save animal lives, the PETCO Foundation supports educational programs that teach children the proper care and treatment of animals – helping them learn the joy of pets early. We support animal-assisted therapy programs that help people recover from illness, injury or abuse from the inside out – and some that bring a special joy to senior citizens in retirement. We even help children with life-threatening illnesses realize their wishes to experience the comfort and healing love that only animals can provide.

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“The on behalf of the Nevada Humane Society and the SPCA of Northern Nevada, I want to send along a big thanks to PETCO and the PETCO Foundation for their support of the Super Pet Adoption & Festival. I’m confident that the event and the surrounding publicity helped build awareness about the needs for homeless pets in our community. Thanks for all your support! It is truly appreciated!”

_Nevada Humane Society and the SPCA of Northern Nevada_
where funding comes from

The Foundation's four primary fundraisers – the National Spay and Neuter Drive, Breeds in Need, Tree of Hope and Spring a Pet – focus on areas of need including spay/neuter, breed rescue, promoting the human-animal bond and adoptions.

Donations are made at PETCO store registers or online at petcofoundation.org. PETCO associates on the front line are the fundraising heroes of our donation drives, particularly PETCO’s Midwest region of stores, which has led the company in donation drives for the last decade.

**National Spay and Neuter Drive**  
*July 2009 - August 2009*

Donations help raise awareness about the largest threat facing pet welfare – animal overpopulation. The annual campaign provides much-needed financial assistance to local and national organizations that promote spay and neuter through advocacy, education, affordable surgeries and referrals.

The National Spay and Neuter Drive raised almost $1 million – a 20% increase over 2008.

**Breeds in Need**  
*September 2009*

Previously focused on only Greyhounds, our September fundraiser was expanded to include ALL breed rescues to address the 25 percent of dogs in shelters that are purebreds.

Due to backyard breeders and puppy mills, every purebred category has unwanted dogs and cats. From the female dog bred repeatedly in a puppy mill to the racing Greyhound killed for lack of speed, many companion animals never experience the security and comfort of a safe, loving home. Our Breeds in Need fundraiser gives these animals a second chance.

In 2009, Breeds in Need raised almost $300,000 – a 25% increase over 2008.

**Tree of Hope**  
*November 2009 - December 2009*

Every year, up to eight million dogs, cats and other animals are given up to animal shelters across the country. Half of them never get out simply because they can't find new homes. That's four million animal lives needlessly lost.

Tree of Hope is the Foundation’s largest fundraiser, supporting local shelter groups, spay/neuter programs and disaster relief efforts across the country to rescue animals in harm’s way. Funds stay in the communities where they are raised.

Tree of Hope raised a record-breaking $4 million – a 28% increase over 2008.

**Spring a Pet**  
*March 2010 - April 2010*

Spring a Pet celebrates our Think Adoption First philosophy and provides much-needed funding to grassroots animal welfare organizations in their efforts to find forever homes for thousands of orphaned animals every year.

This year’s Spring a Pet raised almost $2 million for animals in need.
PETCO Foundation 10th Anniversary Gala

Ten years after its inception, the PETCO Foundation welcomed nearly 400 friends – old and new – to a special 10th Anniversary Gala at San Diego’s historic Hotel del Coronado on May 30, 2009.

The goal of the night was to celebrate a decade of making a difference for animals and people who love and need them – and to make a toast to the next 10 years.

The event drew representatives from several of the more than 6,200 local animal welfare groups across the country that call the Foundation their partner. Also in attendance were several PETCO vendor partners, the entire PETCO Foundation board of directors and a handful of celebrity guests – including a special video appearance by Ellen DeGeneres.

Guests of the gala celebrated milestones and highlights of the Foundation’s work, including surpassing $50 million raised and more than 2.7 million animal lives saved – all in just 10 short years.

“IT was a wonderful evening and a successful event raising more than $165,000,” said PETCO Foundation Executive Director Paul Jolly. “We were able to showcase the great things we’ve accomplished, both with long-time friends and supporters, as well as with new friends just learning about the impact of our work. And we were able to share our vision and goals to have an even bigger impact in the future.”

Attendees heard heartfelt reflections about the Foundation’s work from Paul Jolly and honored guest of the night – Brian Devine, PETCO’s Chairman of the Board and a driving force in the creation, growth and vision of the PETCO Foundation.

Thanks Fore Giving Golf Tournament

With a 31 percent increase in attendance over 2008, the PETCO Foundation’s 2009 Thanks Fore Giving Golf Tournament raised a record-breaking $743,000.

The annual event is the biggest non-store fundraiser for the Foundation, raising nearly $2 million over the past six years. PETCO’s business partners participate and all of the funds go to the Foundation.

Participants also had the option to experience a wine and culinary event that included an interactive meal with wine pairings, followed by a wine-tasting challenge.

After golfing and the wine and culinary experience, all participants were invited to a reception with silent and live auctions and dinner. The auctions alone raised almost $150,000 – greatly surpassing previous years’ numbers.
funds in action

The PETCO Foundation donates more than $10 million each year to benefit companion animals. More than half of these donations go to local community and regional animal welfare efforts, while the remainder supports disaster relief and other national causes and programs.

The PETCO Foundation uses money raised through local, regional and national fundraising events to support other IRS-designated nonprofit groups, municipal and government agencies and educational institutions involved in animal welfare.

grants

We offer monetary grants to more than 6,200 local animal welfare organizations nationwide, mainly to help with day-to-day operations. Below is just a snapshot of some of the many programs we are proud to sponsor or facilitate.

Adoption Events
Animal-welfare groups partner with their local PETCO stores to host adoption events nearly every weekend. This provides easy access for people looking to adopt a new pet – an important step in reducing the number of animals in shelters.

Disaster Relief
We partner with PETCO stores in donating and coordinating the donation of pet food and supplies to help pets affected by natural disasters.

Spay/Neuter Programs
Pet overpopulation is one of the biggest problems facing companion animals and animal welfare organizations nationwide, with nearly four million pets euthanized yearly, simply because they can't find homes. To reduce this number, we provide monetary grants to support spay/neuter programs and efforts.

“We Are Family Too” Fund
Created in 2008 to provide seed funding to humane groups, this fund goes toward developing programs such as pet food banks and short-term foster homes that assist financially-strapped families in keeping their pets.

“Thank you to the PETCO Foundation for a most generous grant towards our spay/neuter clinics, which enabled us to sterilize more than 700 cats. We look forward to a long, successful partnership with the PETCO Foundation that will enable us to compassionately and non-lethally bring about a decrease in the cat population on Maui.”

9th Life Hawaii
“We Are Family Too” Fund

Through the PETCO Foundation’s “We Are Family Too” fund, we seek to fund local programs working to reduce the number of surrendered animals that animal shelters are experiencing due to foreclosures and evictions.

The Foundation provides financial assistance to programs that help families stay together with their companion animals during these hard economic times.

Typical programs eligible for funding may include:

- Food Bank Programs
- Product Donations
- Veterinarian Services
- Resources for Pet-Friendly Rentals
- Spay/Neuter Services
- Resources for Housing Counselors
- Short-Term Foster Homes
- Assistance for Short-Term Financial Support
Pet Food Bank Program

In partnership with PETCO, the PETCO Foundation established a national pet food donation network by placing special collection bins in PETCO stores across the country in what we believe is a first-of-its-kind program.

The Pet Food Bank builds on the Foundation’s “We Are Family Too” fund and is specifically designed to support local food banks and families in financial crisis. As animal lovers, we simply refuse to accept that anyone should have to go through the pain of giving up their pet companion because they can’t feed them.

Special bins located in PETCO stores serve as collection points for customers to donate pet food or litter. Stores then partner with an existing human food bank that has a pet food component, or with an animal welfare group that has its own pet food bank, to donate the food directly to economically-challenged pet parents in the local community.

Each PETCO store’s pet food bank partner regularly collects donated pet food and litter from the in-store food bin. The program helps PETCO customers realize how they can make a difference for a fellow pet parent by helping to keep pets where they belong – with their loving families.
Today PRoNE received a very nice check from the PETCO Foundation to help further our work with surrendered and abandoned pugs. In these tough economic times where surrenders are up and donations are not as robust as they used to be, we want to thank you for working with rescues, like ours, and putting adoption first.

Pug Rescue of New England (PRoNE)

### statement of financial position
May 1, 2010

#### Assets

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,611,426</td>
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<tr>
<td>Contributions receivable</td>
<td>$164,936</td>
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<tr>
<td><strong>Total assets</strong></td>
<td><strong>$3,776,362</strong></td>
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#### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable &amp; accrued expenses</td>
<td>$235,990</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$235,990</strong></td>
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<tr>
<td>Unrestricted</td>
<td>$3,540,372</td>
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<tr>
<td><strong>Total net assets</strong></td>
<td><strong>$3,540,372</strong></td>
</tr>
<tr>
<td><strong>Total liabilities &amp; net assets</strong></td>
<td><strong>$3,776,362</strong></td>
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</table>

Decrease in net assets $(1,664,705)

### statement of cash flows
FISCAL YEAR ENDING MAY 1, 2010

#### Cash Flows From Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Decrease in net assets</strong></td>
<td>$(1,664,705)</td>
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<tr>
<td><strong>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</strong></td>
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<tr>
<td>Decrease in contributions receivable</td>
<td>$2,243,266</td>
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<tr>
<td>Increase in accounts payable and accrued expenses</td>
<td>$180,322</td>
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<td>Net cash provided by operating activities</td>
<td>$758,883</td>
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<td>Net increase in cash and cash equivalents</td>
<td>$758,883</td>
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<tr>
<td><strong>Cash and cash equivalents, beginning of year</strong></td>
<td><strong>$2,852,543</strong></td>
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<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td><strong>$3,611,426</strong></td>
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</table>
Changes in Unrestricted Net Assets

<table>
<thead>
<tr>
<th>Support &amp; revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTRIBUTIONS FROM FUNDRAISING ACTIVITIES:</td>
<td></td>
</tr>
<tr>
<td>Tree of Hope</td>
<td>$4,092,971</td>
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<tr>
<td>Spring a Pet</td>
<td>$2,007,455</td>
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<tr>
<td>Other contributions</td>
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<tr>
<td>National Spay &amp; Neuter Drive</td>
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<tr>
<td>Guide Dog Fundraiser</td>
<td>$783,557</td>
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<tr>
<td>Golf Tournament</td>
<td>$577,549</td>
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<td>PETCO Adoption Fund</td>
<td>$494,781</td>
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<td>Breeds in Need</td>
<td>$299,847</td>
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<tr>
<td>Annual Fundraiser</td>
<td>$252,143</td>
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<tr>
<td>Managers’ Choice</td>
<td>$150,676</td>
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<tr>
<td>INTEREST INCOME</td>
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<tr>
<td>Total unrestricted support &amp; revenue</td>
<td>$10,728,575</td>
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</table>

Expenditures

<table>
<thead>
<tr>
<th>DONATIONS:</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Various programs</td>
<td>$4,327,409</td>
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<tr>
<td>Spring a Pet</td>
<td>$2,172,318</td>
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<tr>
<td>Tree of Hope</td>
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<tr>
<td>Guide Dog Fundraiser</td>
<td>$764,775</td>
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<tr>
<td>National Spay &amp; Neuter Drive</td>
<td>$550,136</td>
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<tr>
<td>PETCO Adoption Fund</td>
<td>$397,998</td>
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<tr>
<td>Breeds in Need</td>
<td>$193,505</td>
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<tr>
<td>Managers’ Choice</td>
<td>$150,676</td>
</tr>
<tr>
<td>ADMINISTRATION &amp; OTHER</td>
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<tr>
<td>DIRECT COSTS OF FUNDRAISING</td>
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<tr>
<td>Total Expenditures</td>
<td>$12,393,280</td>
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<tr>
<td>Decrease in unrestricted net assets</td>
<td>($1,664,705)</td>
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<tr>
<td>Net assets, beginning of year</td>
<td>$5,205,077</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$3,540,372</td>
</tr>
</tbody>
</table>
“We wanted to let you know how much we appreciate the PETCO Foundation’s yearly support for our nonprofit, Save Our Strays/Rescata los Gatos. Your tireless efforts for our homeless animals throughout the country is outstanding and a true blessing.”

Save Our Strays/Rescata los Gatos, Inc.

MIMI
Adopted 5/04

board of directors

Charlie Piscitello, President
Duncan Mathison, Vice President
Kevin Whalen, Secretary
Dave Carr, Treasurer
Paul Jolly, Executive Director

Bruce Hall
Peggy Hillier
Reg Holden
Michael Peterson

Lance Schwimmer
Maggie Osburn
Rich Segal
Kailas Rao

staff

Paul Jolly, Executive Director
Beth Mars, Director of Operations & Development
Susan Rosenberg, National Adoptions Manager
Denise Serrano, Donor & Fundraising Analyst

Kim Smith, Senior Web Manager
Julia Clark, Development Coordinator
Sharon Sayegh, Administrative Assistant
Mary Ann Magana, Administrative Assistant
dear petco foundation friend,

We are the PETCO Foundation – the animals we help, those who volunteer their time and resources to support our mission, PETCO vendors, PETCO associates across the country and those who work on staff. Together, our combined gifts make up the rich fabric of this very special organization we call the PETCO Foundation.

For more than 11 years, we have been bringing together the diversity of the animal welfare world to address the challenges of adoptions, spay/neuter, animal abuse, humane education, animal-assisted therapy and pet food banks. Our work is about raising the quality of life for pets and people who love and need them.

When one thinks about the patience and care it takes to make a beautiful quilt, we’re reminded of the process of stitching together the individual pieces of fabric that on their own may not look like much. But when each little piece of cloth finds its own unique place in the quilt, those disparate patches create a story and symbolize what can be achieved when all of the parts are brought together. At the PETCO Foundation, we believe in the power of “we” – volunteers, donors, staff, humane groups – all working together with mutual respect to make our communities a better place for animals.

These are uncertain times, especially for animals. We assist more than 6,200 animal welfare groups that are often struggling to survive while valiantly trying to fulfill their missions of helping animals. The groups we assist worry about whether they will be able to afford to keep the lights on in their shelters, whether the animals in their care will have enough to eat, how the veterinarian bills will be paid, if that formerly homeless dog or cat will finally find a home. And yet, despite all the hardship, we also see miracles every day. Animals in forever, loving homes. An animal once broken, now whole and ready to experience life to its fullest. And that makes it all worthwhile.

This has been a year of growth, full of miracles for the PETCO Foundation. We saw the creation of the “We Are Family Too” Pet Food Bank program. Spay/Neuter Assistance hotlines in 34 states. A 50 percent increase in applications for support through our new online granting process. An increased presence online. Record-breaking fundraising. And lots and lots of formerly homeless animals found their human soulmates.

For those of you who are already part of our unique tapestry, we hope you’ll be encouraged to continue your involvement and support. For those of you who may not be familiar with the PETCO Foundation, we invite you to take some time to learn about how you, too can make a difference for animals. Whatever your gift of time, talent or treasure, you’ll find a place with us.

Most sincerely,

Paul E. Jolly
Executive Director
PETCO Foundation
For four years in a row, the PETCO Foundation has received Charity Navigator’s highest four-star rating.